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No. 93-1318

In the Supreme Court of the United States

OCTOBER TERM, 1993

INTERSTATE COMMERCE COMMISSION, PETITIONER

v.

TRANSCON LINES, ET AL.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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QUESTION PRESENTED

Whether, under the filed rate doctrine and *Maislin Indus., U.S., Inc.* v. *Primary Steel, Inc.*, 497 U.S. 116 (1990), the Interstate Commerce Commission (ICC) is barred from obtaining an injunction against a motor carrier's attempt to collect past-due freight charges in violation of the ICC's credit regulations, notwithstanding the ICC's express authority to regulate credit, 49 U.S.C. 10743(b), and to "bring a civil action * * * to enforce" the Interstate Commerce Act and regulations thereunder, 49 U.S.C. 11702(a)(5).

PARTIES TO THE PROCEEDING

The parties to the proceedings below were the Interstate Commerce Commission; Transcon Lines; and Leonard Gumport, Trustee.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	2
Statutory and regulatory provisions involved	2
Statement	2
Reasons for granting the petition	9
Conclusion	19
Appendix A	1a
Appendix B	10a
Appendix C	41a
Appendix D	42a
Appendix E	44a
Appendix F	71a
Appendix G	73a
Appendix H	74a

TABLE OF AUTHORITIES

Cases:

Adams v. *Mills*, 286 U.S. 397 (1932)	15
Gumport v. *ICC*, 113 S. Ct. 2987 (1993)	7
Hewitt-Robins Inc. v. *Eastern Freight-Ways, Inc.*, 371 U.S. 84 (1962)	15
ICC v. *Transcon Lines*, 113 S. Ct. 2955 (1993)	3, 9
Maislin Indus., U.S., Inc. v. *Primary Steel, Inc.*, 497 U.S. 116 (1990)	2, 9, 10, 11, 15, 16
Reiter v. *Cooper*, 113 S. Ct. 1213 (1993)	3, 8, 9, 10, 11, 13, 15, 19
Southern Pacific Transp. Co. v. *Commercial Metals Co.*, 456 U.S. 336 (1982)	2, 6, 8, 10, 14, 15, 19

Statutes and regulations:

Interstate Commerce Act, 49 U.S.C. 10101 *et seq.*	2
49 U.S.C. 10743	11, 74a
49 U.S.C. 10743(a)	4, 74a

Statutes and regulations—Continued: Page

49 U.S.C. 10743(b)(1) 4, 74a
49 U.S.C. 10761 ..... 3, 12, 74a
49 U.S.C. 10762(a)(1) 3, 12, 75a
49 U.S.C. 11702(a)(5) 2, 11, 12, 17, 77a-78a
49 U.S.C. 11705(b)(3) 10
Negotiated Rates Act of 1993, Pub. L. No. 103-180, 107 Stat. 2044 18
49 C.F.R. Pt. 1320 ..... 2, 4, 80a
Section 1320.2(b) 4, 81a
Section 1320.2(c) 4, 82a
Section 1320.2(d) 4, 82a
Section 1320.2(e)(3) 5, 82a
Section 1320.2(g) 5, 83a
Section 1320.2(g)(1) 5, 83a
Section 1320.2(g)(1)(i) 5, 83a
Section 1320.2(g)(1)(ii) 5, 83a-84a
Section 1320.2(g)(2)(i) 5, 84a
Section 1320.2(g)(2)(iii) 6, 7, 16, 84a
Section 1320.2(g)(2)(vi) 5, 7, 84a-85a
Section 1320.3(a)(2) 4, 85a
Section 1320.3(b)(1) 4, 85a
Section 1320.3(c) 5, 7, 86a

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The Solicitor General, on behalf of the Interstate Commerce Commission (ICC), petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals on remand (App., *infra*, 1a-9a) is reported at 9 F.3d 64. The prior opinion of the court of appeals (App., *infra*, 14a-43a) and an opinion concurring in the court of appeals' prior denial of rehearing and rehearing en banc (App., *infra*, 12a-14a) are reported at 990 F.2d 1503. The opinion of the district court (App., *infra*, 44a-70a) is not reported.

JURISDICTION

The judgment of the court of appeals was entered on October 26, 1993. On January 14, 1994, Justice O'Connor extended the time within which to file a petition for a writ of certiorari to and including February 23, 1994. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTORY AND REGULATORY PROVISIONS INVOLVED

The pertinent provisions of the Interstate Commerce Act, 49 U.S.C. 10101 *et seq.*, and the ICC's credit regulations, 49 C.F.R. Pt. 1320, are set forth in an appendix (App., *infra*, 74a-87a).

STATEMENT

This case, which comes before the Court for a second time, involves a civil action filed by the ICC to enjoin respondents, Transcon Lines and its trustee in bankruptcy, from attempting to collect additional charges from shippers in violation of the ICC's credit regulations. In a prior opinion in this case, the court of appeals held, in reliance on *Maislin Indus., U.S., Inc.* v. *Primary Steel, Inc.*, 497 U.S. 116 (1990), that notwithstanding the ICC's express authority to "bring a civil action * * * to enforce" the Interstate Commerce Act (Act), 49 U.S.C. 11702(a)(5), and regulations thereunder, and notwithstanding the ICC's "power to seek a federal-court injunction requiring a carrier to comply with the [credit] regulations," *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, 456 U.S. 336, 349 (1982), Transcon could pursue its collection actions in violation of the ICC's credit regulations. On the ICC's petition for a writ

of certiorari, this Court granted certiorari, vacated the court of appeals' judgment, and remanded for further consideration in light of the Court's intervening decision in *Reiter* v. *Cooper*, 113 S. Ct. 1213 (1993). *ICC* v. *Transcon Lines*, 113 S. Ct. 2955 (1993). On remand, the court of appeals adhered to its original reading of *Maislin* and again held that the ICC could not bring this injunction action to enforce its credit regulations. App., *infra*, 1a-9a.

1. Transcon Lines was once the twelfth largest motor carrier in the United States. Pursuant to the Act's requirement that interstate motor common carriers must publish their shipping rates in tariffs filed with the ICC, 49 U.S.C. 10761, 10762(a)(1), Transcon filed tariffs with the ICC that set forth its rates. One of Transcon's tariffs set forth "discount" rates that were expressed as percentages of higher "bureau" tariff rates.[1] Transcon also had a "rules" tariff that contained a "loss-of-discount" provision. That provision stated that discounts "shall apply only when tariff charges are paid within 90 calendar days from the date of shipment," and indicated that payment within that period was a "condition precedent" to application of the discount.[2] App., *infra*, 15a, 17a-18a.

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[1] A carrier typically files tariffs containing tiers of rates, from relatively high, collectively set bureau rates to a variety of lower discount rates for particular traffic and markets. In this case, for example, one page of Transcon's discount tariff provides discount rates ranging from 20 to 55 percent of the bureau tariff rates. Vol. I, Resp. C.A. E.R. 41 (TCON 625, 9th Revised Page 587).

[2] The provision stated (Vol. I, Resp. C.A. E.R. 41 (TCON 103-A, Item 210)):

The use of Transcon's "loss-of-discount" provision is subject to the Act's scheme for regulating the extension of credit. The Act requires that common carriers must retain possession of property until the shipper pays the full filed rate, 49 U.S.C. 10743(a), unless the ICC has promulgated regulations that permit carriers to "give up possession at destination of property transported * * * before [full] payment." 49 U.S.C. 10743(b)(1). The ICC has promulgated detailed regulations that provide the exclusive means for a carrier to release freight before payment is made. See 49 C.F.R. Pt. 1320; App., *infra*, 80a-87a. Under those regulations, a carrier may release goods without payment for a credit period not to exceed 30 days.[3] If the shipper fails to pay the freight charges within the credit period, the carrier may

1. [D]iscounts * * * shall apply when tariff charges are paid within 90 calendar days from date of shipment.
2. The provisions of this rule do not change the carrier's obligation to collect nor the freight charge payor's obligation to pay tariff charges within the standard credit period maintained by the carrier in compliance with ICC regulations, 49 CFR 1322 [*sic*; 1320.2]. This rule simply establishes a condition precedent for the application of the specific tariff provisions described in paragraph 1 above.

[3] A carrier must generally present a freight bill for payment within seven days, 49 C.F.R. 1320.3(a)(2) and (b)(1), and "[t]he credit period shall begin on the day following presentation of the freight bill." 49 C.F.R. 1320.2(b). The standard credit period is 15 days, 49 C.F.R. 1320.2(c), but the ICC's rules permit a carrier to provide different standard credit periods in its tariff rules. 49 C.F.R. 1320.2(d). "Such credit periods," however, "shall not be longer than 30 calendar days." *Ibid.*

assess liquidated damages, in addition to the freight charges, to compensate it for the cost of collection.[4] The ICC's rules require the liquidated-damages provision to be contained in a tariff filing and permit the damages to be measured in either of two ways: (1) as a "separate additional charge" (stated as a flat amount or as a percentage of the freight bill), 49 C.F.R. 1320.2(g)(1)(i), or (2) as "the full, nondiscounted rate instead of the discounted rate otherwise applicable." 49 C.F.R. 1320.2(g)(1)(ii). The latter provision, a "loss-of-discount" provision, was employed by Transcon.

The ICC's regulations also place mandatory conditions on efforts by carriers to collect such liquidated damages, several of which are relevant here. First, the loss-of-discount provision must be set forth in the carrier's tariff. 49 C.F.R. 1320.2(g)(1) and (2)(i). Second, the carrier must specifically state the liquidated damages that apply to late payments in the original bill for the shipment. 49 C.F.R. 1320.3(c). Third, the carrier must issue a revised freight bill that includes the liquidated-damages charge within 90 days after the expiration of the authorized credit period. 49 C.F.R. 1320 2(g)(2)(vi). Fourth, because aggregate rebillings afford substantial cost-savings to a carrier, the carrier may apply liquidated damages "only to the nonpayment of original, separate and independent freight bills and shall

[4] See 49 C.F.R. 1320.2(g). The carrier may also assess separate interest charges to a delinquent shipper under 49 C.F.R. 1320.2(e)(3). Interest compensates a carrier for the loss of the use of the money during the delinquency period and ensures that delinquent shippers do not enjoy an advantage over shippers who make timely payments.

not apply [them] to aggregate *balance-due* claims sought for collection on past shipments by a bankruptcy trustee, or any other person or agent." 49 C.F.R. 1320.2(g)(2)(iii).

A shipper cannot raise the carrier's violation of the credit regulations in defense of an action to collect the filed rate. *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, 456 U.S. 336 (1982). The ICC, however, has "ample authority to police the credit practices of carriers and thereby to deter improper practices." *Id.* at 349. In particular, the ICC has the discretion to frame appropriate "remedies for a carrier's violations of the [credit] regulations," *id.* at 352, and the "power to seek a federal-court injunction requiring a carrier to comply with the [credit] regulations," *id.* at 349.

2. After Transcon filed for bankruptcy, its trustee engaged a rate auditor, collection agency, and collection attorney to review the carrier's tariffs and accounts. As a result of those efforts, respondents sought to collect from shippers approximately $8 million in unpaid freight charges and approximately $15 million in additional charges. App., *infra*, 16a. The additional charges were based on claims that the shippers had not paid, within 90 days after shipment, the amount the trustee now claims should have been charged, and that the shippers were therefore not entitled to the discount rate. In such instances, the trustee sought to collect the higher bureau rate. *Id.* at 30a.

The ICC brought this action in district court to enjoin respondents from applying the loss-of-discount credit provision to shippers in violation of ICC regulations. Specifically, the ICC alleged (and there is no dispute) that Transcon's original bills did not

advise shippers of the consequence of late payment, as required by 49 C.F.R. 1320.3(c); revised bills were not issued until several years after the 90-day period provided in 49 C.F.R. 1320.2(g)(2)(vi); and the trustee sought to apply the loss-of-discount provision on an aggregate basis, contrary to 49 C.F.R. 1320.2(g)(2)(iii). The ICC requested an injunction that would prohibit respondents from asserting claims that violated those requirements. App., *infra*, 14a-16a.

The district court granted summary judgment for respondents. The court held that because Transcon's loss-of-discount provision was found in its filed tariff, the ICC's regulations could not be applied to prevent enforcement of it. The court concluded that the ICC's regulations, as applied here, were not "valid as against the filed rate doctrine."[5] App., *infra*, 62a (Tr. 24).

3. The court of appeals affirmed in relevant part.[6] App., *infra*, 14a-40a. The court recognized that Transcon's trustee stands in the shoes of the carrier and is therefore subject to the ICC's authority to "bring a civil action of enforcement against the carrier's estate, 49 U.S.C. § 11702." *Id.* at 26a. The

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[5] The court also accepted the trustee's argument that Transcon's discount tariffs were invalid because the tariffs identified shippers by account code rather than by name. App., *infra*, 58a-60a (Tr. 19-21), 67a (Tr. 31).

[6] The court of appeals reversed the district court's holding with respect to shipper account codes (see note 5, *supra*) on the ground that the trustee lacked standing to challenge the validity of the carrier's own tariffs. App., *infra*, 34a-40a. This Court denied the trustee's petition for a writ of certiorari seeking review of that holding, *Gumport* v. *ICC*, 113 S. Ct. 2987 (1993), and it is no longer at issue.

court also recognized that the district court had erred in holding that the ICC's credit regulations were simply invalid. *Id.* at 31a, 34a, 40a. Nevertheless, the court of appeals concluded that the ICC could not enjoin Transcon from enforcing its loss-of-discount provision in violation of ICC credit regulations "because the Commission's regulations cannot be enforced in this way to undercut the filed rate." *Id.* at 34a. The court explained (*id.* at 32a):

> Regulations, however valid in other contexts, cannot furnish the reason for letting the carrier abandon the filed rate. The ICC's interpretation of these regulations to allow such a result then has no greater force than the policy rejected in *Maislin*. Although the Act authorizes the ICC to regulate carrier credit, the filed rate doctrine trumps the manner in which the ICC seeks to regulate carrier credit in this case, just as in *Maislin* it trumped the policy the ICC had adopted pursuant to its statutory authority to determine the reasonableness of a practice. The filed rate requirement, as *Maislin* holds, is controlling.

4. The government filed a petition for a writ of certiorari, arguing that the court of appeals' holding conflicted with the principle of *Reiter* v. *Cooper*, 113 S. Ct. 1213 (1993), in which the Court held that the filed rate doctrine does not preclude the avoidance of the filed rate based on claims that are specifically authorized by the Interstate Commerce Act. The petition suggested that the court of appeals should be directed to reexamine the case in light of *Reiter*. The petition also suggested, in the alternative, that the Court should consider summary reversal in view of this Court's prior recognition in *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, *supra*, that

the ICC may enforce its credit regulations through an injunction. This Court granted certiorari, vacated the court of appeals' judgment, and remanded for further consideration in light of *Reiter*. *ICC* v. *Transcon Lines*, 113 S. Ct. 2955 (1993).

On remand, the court of appeals concluded that *Reiter* did not require revision of its analysis. App., *infra*, 1a-9a. The court read *Reiter* as limited to a holding that claims specifically accorded to *shippers* by the Act are not trumped by the filed rate doctrine. *Id.* at 4a. Even if the same principle applied to claims specifically accorded to *the ICC*, the court stated, it would still have to determine "which of [the] two competing statutory claims should have priority: the carrier's claim based on the filed rate doctrine, or the ICC's claim based on the credit provisions." *Id.* at 5a. Relying on this Court's statement in *Maislin*, 497 U.S. at 132, that the filed rate doctrine is "utterly central to the administration of the [Interstate Commerce] Act," the court gave priority to the filed rate doctrine. App., *infra*, 8a. The court thus held, as it had previously, that because Transcon had stated its credit terms in its tariff, the filed rate doctrine precludes the ICC from enforcing its credit regulations via an injunction. *Id.* at 8a-9a.

REASONS FOR GRANTING THE PETITION

The court of appeals' decision on remand continues to conflict with this Court's cases. In *Reiter* v. *Cooper*, 113 S. Ct. at 1219, this Court held that the filed rate doctrine "does *not* preclude avoidance of the tariff rate * * * through claims and defenses that are specifically accorded by the [Interstate Commerce Act] itself." Despite that language, the court of appeals held that the filed rate doctrine supplants and super-

sedes the ICC's express authority accorded by the Interstate Commerce Act to enforce its duly authorized regulations. That holding is irreconcilable with *Reiter*. The court of appeals' holding also conflicts with the Court's recognition in *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, 456 U.S. at 349, that the ICC has "the power to seek a federal-court injunction requiring a carrier to comply with the [credit] regulations." Finally, the court's decision seriously misapplies *Maislin Indus., U.S., Inc.* v. *Primary Steel, Inc.*, *supra*, by finding that the denial of liquidated damages to respondents is tantamount to sanctioning the use of an unfiled, negotiated rate.

Because the court's decision departs from decisions of this Court, and because it impairs the ICC's statutory mandate to enforce the Act, this Court's intervention is again required. In our view, summary correction of the court of appeals' error is warranted.

1. In *Reiter* v. *Cooper*, *supra*, the Court held that a shipper may assert as a counterclaim in an undercharge action the right of reparations for unreasonable rates provided in 49 U.S.C. 11705(b)(3). The Court rejected the contention that "the so-called 'filed rate doctrine' gives [the carrier and its trustee] absolute entitlement to judgment on their undercharge claims, without defense or counterclaim." 113 S. Ct. at 1219. The Court explained:

> The filed rate doctrine embodies the principle that a shipper cannot avoid payment of the tariff rate by invoking common-law claims and defenses such as ignorance, estoppel, or prior agreement to a different rate. * * * It assuredly does *not* preclude avoidance of the tariff rate, however, through claims and defenses that are specifically accorded by the [Interstate Commerce Act] itself.

Ibid. Applying that principle, the Court concluded that the right of shippers to assert "the reparations rights explicitly conferred by § 11705(b)(3)" is not defeated by a claim that the filed rate doctrine bars interference with collection of the filed rate. *Ibid.*

The ICC's right to bring an injunction action in this case directly follows from the principle established in *Reiter*. The ICC has express authority to "bring a civil action * * * to enforce [the Interstate Commerce Act] * * * or a regulation or order of the Commission * * * when violated by a [motor] carrier providing transportation subject to the jurisdiction of the Commission." 49 U.S.C. 11702(a)(5); App., *infra*, 77a-78a. The ICC's action in this case enforces regulations of the Commission that govern when a carrier may release goods without payment and collect damages for late payment. Those regulations are authorized by the specific statutory prohibition against credit transactions except in accordance with ICC regulations. 49 U.S.C. 10743. In *Reiter*, the Court held that the filed rate doctrine does not trump "the reparations rights explicitly conferred" by the Act, 113 S. Ct. at 1219; here, by identical reasoning, the filed rate doctrine does not trump the ICC's credit regulations and the agency's enforcement rights explicitly conferred by the Act.[7]

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[7] The Court's holding in *Reiter* was not an innovation. *Maislin* itself recognized that the filed rate doctrine had to be harmonized with other provisions in the Act. The Court noted that the filed rate doctrine "contains an important caveat: [t]he filed rate is not enforceable if the ICC finds the rate to be unreasonable." *Maislin*, 497 U.S. at 128. Under the same

The court of appeals, in response to the Court's direction to reconsider this case in light of *Reiter*, purported to distinguish *Reiter* by noting that it involved the reparations rights of shippers, and this case involves the enforcement rights of the ICC. App., *infra*, 4a. That distinction between the cases has no relevance, however, to the principle of *Reiter*: the filed rate doctrine does not preclude the assertion of claims authorized by the Act itself. The fact that the ICC rather than a shipper is enforcing statutory rights provides no basis whatsoever for the court of appeals' view that the court was entitled to balance the filed rate doctrine against the statutory rights conferred on the ICC, and to determine "which provision should be given priority." App., *infra*, 5a. To the contrary, Congress has already struck that balance in the provisions of the Act. Carriers are bound to observe the filed rate, 49 U.S.C. 10761, 10762(a)(1), but Congress gave the ICC express authority to enforce the Act when carriers have violated statutory or regulatory requirements. 49 U.S.C. 11702(a)(5). The purpose of the ICC's action here is to remedy such statutory and regulatory violations.[8] The filed

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principle, the filed rate is not enforceable if the ICC finds that the carrier is violating applicable credit regulations and seeks to enjoin that conduct.

[8] The court of appeals acknowledged in its prior opinion in this case that "Transcon did not comply with the regulation requiring the notice [of potential liquidated damages] in the original bill," and its trustee "has not complied with regulations requiring new, individual non-aggregated bills." App., *infra*, 30a-31a. It is also evident that the respondents violated the requirement of resubmitting bills within 90 days of the authorized credit period, but instead rebilled unsuspecting shippers long after the shipments involved. *Id.* at 16a, 30a.

rate doctrine is not a reason to preclude that remedy. As this Court explained in *Reiter*, the filed rate doctrine yields to "claims and defenses that are specifically accorded by the [Interstate Commerce Act] itself." 113 S. Ct. at 1219.

A clear indication that the court of appeals departed from *Reiter*, with the effect of negating Congress's determination to equip the ICC with civil enforcement authority, is the way in which the court decided "which of [the] two competing statutory claims should have priority: the carrier's claim based on the filed rate doctrine, or the ICC's claim based on the credit provisions." App., *infra*, 5a. The court of appeals surmised that empowering the ICC to enjoin respondents' collection action "would permit an end-run around the filed rate doctrine," because a shipper and carrier could negotiate a secret discount from the filed rate and then "purposely violate various credit regulations." *Id.* at 6a. "If the ICC goes along" with the subterfuge and "looks the other way," the court asserted, "then the filed rate doctrine would be gutted," because "the ICC would have the power to enjoin the trustee's suit to enforce the filed rate, and the trustee would have no power to undo the illegal bargain struck by the carrier and shipper." *Ibid.*

That overt distrust of the ICC is at odds with Congress's decision to charge the Commission with responsibility to enforce the Act, and with this Court's recognition, see pp. 14-15, *infra*, of the pivotal role that the ICC plays in enforcing the credit regulations in particular. Under the court of appeals' balancing test, courts are free to dilute or obstruct the enforcement powers that Congress gave to the ICC because of a suspicion that the agency might "look[] the other

way" at "illegal bargain[s]." Under *Reiter*, however, neither the filed rate doctrine nor the misgivings of courts can justify the nullification of statutory rights that Congress specifically provided. That principle applies with perhaps its greatest force to the enforcement powers that Congress vested in the ICC.

2. The court of appeals' holding also conflicts with *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, *supra*. In that case, the Court stated that "[t]he remedies for a carrier's violation of the [credit] regulations are best left to the ICC for such resolution as it thinks proper," 456 U.S. at 352, and such remedies include "the power to seek a federal-court injunction requiring a carrier to comply with the regulations." *Id.* at 349. Here, the ICC exercised the power acknowledged in *Commercial Metals*, but the court of appeals frustrated it. While purporting not to disturb the ICC's power to enforce its regulations, the court has effectively vitiated it.[9]

In its opinion on remand, the court of appeals stated that the ICC's "concern" that it would be unable to enforce the credit regulations "is exaggerated," because the ICC could invoke other prospective remedies and could impose fines for knowing violations of ICC orders. App., *infra*, 6a-7a. This Court, however, emphasized that the ICC's remedies include "the power to seek a federal-court injunction," *Commercial Metals*, 456 U.S. at 349, and the court of appeals barred the ICC from using an in-

[9] *Commercial Metals* ruled that courts may not create an implied equitable defense on behalf of shippers that would permit them to resist payment through the ad hoc assertion of credit-regulation defenses. In light of the court of appeals' decision, neither the courts nor the Commission can remedy respondents' violations of the credit regulations.

junction to enforce its credit regulations against a bankrupt carrier whose trustee is systematically violating the ICC's credit regulations. While the court of appeals mentioned remedies against operating carriers (which are inapplicable here) and raised the possibility of fines (which presuppose a continuing violation), the most logical and effective remedy for the ICC is to deny the trustee the power to exact additional charges from shippers, when those charges are asserted in violation of the ICC's credit regulations. As this Court stated in *Commercial Metals*, it is for the ICC, not the courts, to select the appropriate remedy for credit-regulation violations. 456 U.S. at 352.

3. Not only does the court of appeals' holding conflict with *Reiter* and *Commercial Metals*, it also misapplies the basic teaching of *Maislin* itself. *Maislin* dealt with a policy that permitted the enforcement of unfiled, negotiated rates; this Court invalidated that policy "because it would 'rende[r] nugatory' the specific command of [49 U.S.C.] § 10761 that the carrier charge the filed rate." *Reiter* v. *Cooper*, 113 S. Ct. at 1216; *Maislin*, 497 U.S. at 133. *Maislin* does not bar the ICC from remedying a violation by "requir[ing] only the application of a different filed rate * * * rather than departure from the tariff schedule entirely." 497 U.S. at 129 n.11 (citing *Hewitt-Robins Inc.* v. *Eastern Freight-Ways, Inc.*, 371 U.S. 84, 86 (1962), and *Adams* v. *Mills*, 286 U.S. 397, 412 (1932)). At most, that would be the effect of the ICC's requested injunction here.

The injunction requested by the ICC would not foreclose the carrier from charging a filed rate. Respondents are entitled to collect the filed *discount*

rate—the rate due upon delivery of the goods. Respondents can also collect interest charges from late-paying shippers, in order to be made whole for any delay in payment. The effect of the requested injunction is simply to prevent respondents from seeking additional collection charges that clearly violate the credit regulations. To hold that *Maislin* precludes the ICC from seeking that remedy, as the court of appeals did, is an unwarranted extension of that case.

Indeed, as we explained in our prior petition in this case (92-1547 Pet. 11-12), the ICC's requested injunction would not even require the application of a "different filed rate." *Maislin*, 497 U.S. at 129 n.11. The higher rate that the trustee claims under Transcon's loss-of-discount provision is a credit term. It is available only because ICC regulations authorize carriers to release goods without payment and then to compute liquidated damages for late payment by reference to non-discounted tariff rates.[10] See pp. 4-5, *supra*. Liquidated damages, however, are not the filed rate. Accordingly, by seeking to enjoin the liquidated-damages claims in this case, the ICC is not interfering with collection of *any* filed rate.[11]

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[10] Liquidated damages are designed to compensate a carrier for collection costs in credit transactions. Here, however, those additional costs are not justified because respondents have engaged in aggregate rebilling of shippers and have realized substantial economies of scale by doing so. In recognition of such cost savings, the ICC's rules specifically prohibit the imposition of liquidated damages when a carrier submits aggregate rebillings. 49 C.F.R. 1320.2(g)(2)(iii).

[11] This Court is currently considering an issue involving the filed rate doctrine in *Security Services, Inc.* v. *K Mart Corp.*, No. 93-284 (to be argued Feb. 28, 1994). In that case, the issue is whether a carrier may collect charges based on a tariff

4. We previously petitioned for certiorari in this case not only because the court of appeals' decision is incorrect and conflicts with this Court's cases, but also because it works a significant disruption of the ICC's program to enforce the regulatory requirements of the Act. The upsurge of collection actions by insolvent motor carriers in recent years has revealed widespread disregard of the Act by motor carriers. In response, the ICC has stepped up its efforts to

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that contains only one of two components necessary to establish a mileage-based rate, notwithstanding the ICC's interpretation of its tariff filing rules as rendering such a tariff void as a matter of law. The court of appeals in this case appeared to find support for its holding in the decisions of courts of appeals that reject the ICC's position in the mileage-guide cases. See App., *infra*, 7a-8a (citing cases and characterizing them as rejecting "the ICC's attempt to argue that rates filed were void because they did not follow proper filing regulations"). None of the cases involving the mileage-guide dispute, however, involves the ICC's enforcement authority under 49 U.S.C. 11702(a)(5).

In our view, the issue in this case involves different principles than are involved in *Security Services*. The central question in that case is whether there is a filed rate at all, given the carrier's failure to participate in a tariff that is needed to compute its rates. Our amicus brief in *Security Services* argues that the filed rate doctrine requires a finding that there is no filed rate in those circumstances, and even if there is one, the ICC has the power to reject it retroactively. Here, the central question is whether a trustee's collection action, based on what purports to be a filed rate but prosecuted in violation of ICC regulations, may trump the ICC's explicitly conferred enforcement authority to bring a civil action to remedy violations of the Act or regulations thereunder. Despite those distinctions, it is possible that the Court's decision in *Security Services* would be relevant to the resolution of this case. Accordingly, the Court may wish to hold the petition in this case pending its decision in *Security Services*.

ensure compliance with the Act. As the court of appeals noted in its prior opinion in this case, App., *infra*, 21a-25a, the ICC's Office of Compliance and Consumer Assistance issued policy guidelines in 1991 articulating the ICC's intent to take a more aggressive role in enforcing the tariff filing requirements. Observing that "it is important that motor carriers and the shipping public continue to be sensitive to the requirement for common carriers to file their rates and adhere to them," the guidelines stated that the Office "will consider enforcement action where feasible against carriers who fail to assess and collect filed rates and shippers who knowingly receive such concessions and rebates." *Id.* at 24a. This case presents a different, but equally important, facet of the program to prevent carriers from disregarding the proper mechanisms for assessing charges under the Act, and to limit the impairment of shipper confidence in the regulated trucking industry that such violations have caused.[12]

The immediate result of the court of appeals' error is that respondents stand to collect millions of dollars from shippers, even though those charges were assessed in violation of the ICC's regulations. An at least

[12] Congress has also taken measures to prevent the exploitation of shippers by bankruptcy trustees for defunct motor carriers. In the Negotiated Rates Act of 1993, Pub. L. No 103-180, 107 Stat. 2044, Congress provided, among other things, that certain shippers who are required to make undercharge payments to bankrupt carriers may satisfy those claims by paying a prescribed percentage of the undercharge claims. The Negotiated Rates Act, however, does not address the issue in this case: whether a carrier may invoke the filed rate doctrine in opposing an ICC injunction action to bar the prosecution of undercharge claims brought in violation of the ICC's credit regulations.

equally significant consequence, however, is that the agency vested with authority to regulate motor carriers has been denied an effective means to carry out its enforcement responsibility. The court of appeals' holding in this case undermines the ICC's role in the statutory scheme; this Court's intervention is required to restore to the agency the enforcement authority that Congress provided.

CONCLUSION

The petition for a writ of certiorari should be granted and the judgment of the court of appeals summarily reversed on the authority of *Reiter* v. *Cooper*, *supra*, and *Southern Pacific Transp. Co.* v. *Commercial Metals Co.*, *supra*.

Respectfully submitted.

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FEBRUARY 1994

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 92-55036

D.C. No. CV-91-5036(Tx)

INTERSTATE COMMERCE COMMISSION,
PLAINTIFF-APPELLANT

v.

TRANSCON LINES, a corporation;
LEONARD L. GUMPORT, Chapter 7 Trustee,
DEFENDANTS-APPELLEES

On Remand from the United States Supreme Court

[Filed Oct. 26, 1993]

Before: ROBERT BOOCHEVER, WILLIAM A. NORRIS
JOHN T. NOONAN, JR., Circuit Judges.

ORDER

The Interstate Commerce Commission (the "ICC") sued Transcon Lines ("Transcon") and its bankruptcy trustee, Leonard Gumport (the "Trustee") from collecting filed freight charges. The ICC contended that the collection would violate its credit regulations. The district court granted summary judgment to the Trustee, and the ICC appealed. We affirmed in part, vacated in part, and remanded. *See ICC v. Transcon Lines*, 990 F.2d 1503 (9th Cir. 1993) (*"Transcon"*). Both the ICC and the Trustee then petitioned the Supreme Court for certiorari. The Trustee's petition was denied, the ICC's granted.[1]

In a summary reconsideration order issued June 14, 1993, the Supreme Court vacated the portion of this court's opinion that affirmed the district court, and remanded for cause for further consideration in light of *Reiter v. Cooper*, 113 S. Ct. 1213 (1993). We now consider the effect of *Reiter* on our previous opinion.[2]

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[1] This case's background is recited in the original opinion and will not be repeated here. *See Transcon*, 990 F.2d at 1507-11.

[2] We interpret the summary reconsideration order to mean that the Supreme Court believes *Reiter* is sufficiently analogous to warrant specific consideration by this court. The order does not necessarily mean that the Court has a view one way or the other on whether we should change our decision. Our duty is to reconsider in light of *Reiter*, but to exercise independent judgment in doing so. *See, e.g.*, Arthur D. Hellman, *Error Correction, Lawmaking, and the Supreme Court's Exercise of Discretionary Review*, 44 U. Pitt. L. Rev. 795, 842 (1983); R.L. Stern et al., *Supreme Court Practice* (6th Cir. 1986) 280 (explaining that a summary reconsideration order means that "the lower court is being told to reconsider the entire case in light of the intervening precedent—which *may or may not* compel a different result") (emphasis added).

Reiter held that a shipper may assert "claims and defenses that are specifically accorded by the [Interstate Commerce Act ("ICA")] itself" even though it may not raise common law claims and defenses such as ignorance and estoppel. *Id.* at 1219. Reiter also held that, in response to a carrier's suit to collect the filed rate, the shipper may raise an ICA claim (in this case, a counterclaim) or defense in the very same action, pursuant to the Federal Rules of Civil Procedure. There is no requirement that the shipper "pay first" and litigate later, *see id.* at 1220, and the doctrine of "primary jurisdiction" does not preclude federal courts from hearing initially the claim or defense, *see id.* at 1221. The Court added that typically, when the carrier is solvent, the equities are in favor of separate judgments on the carrier's undercharge claim and the shipper's unreasonable rate claim. However, when the carrier is insolvent, the equities change, and separate judgments may not be warranted. *See id.*

Our task is to determine how *Reiter* affects our previous opinion in *Transcon*. In *Transcon* we held that the ICC may not enforce its credit regulations when doing so would render the filed rate doctrine nugatory. Our analysis relied heavily on *Maislin Industries, U.S., Inc. v. Primary Steel, Inc.*, 497 U.S. 116 (1990), which affirmed the centrality of the filed rate doctrine to the ICA. *See id.* at 132. In *Maislin*, the Court rejected the ICC's characterization of a trustee's suit for undercharges as an unreasonable *practice* within the meaning of 49 U.S.C. § 10701(a). *Maislin*, however, explicitly stated that "[t]he issue of the reasonableness of the tariff *rates* is open for exploration on remand." 497 U.S. at 129, n.10 (emphasis added). *Reiter* addresses a problem of "timing

that has arisen out of that issue." *Reiter*, 113 S. Ct. at 1216.

According to the ICC, *Reiter* shows that this court read *Maislin* too broadly. The ICA specifically grants the ICC the authority to enforce its credit regulations. *See* 49 U.S.C.A. § 10743(b), § 11702(a) (West Supp. 1993). Thus the ICC argues that, under *Reiter*, the filed rate doctrine should not automatically be given priority over those regulations. Claiming that our opinion cripples its ability to enforce its credit regulations, the ICC asks us to reverse our decision in *Transcon*.

The ICC's argument is unwarranted by a plain reading of *Reiter*. By its clear language, *Reiter* did no more than address claims or defenses that the ICA specifically accorded to *shippers*. *See Reiter*, 113 S. Ct. at 1219. Unequivocal Supreme Court precedent holds, however, that the ICA does not confer on shippers the right to raise any claims or defenses arising from a carrier's violation of ICC credit regulations. *See Southern Pacific Transp. Co. v. Commercial Metals*, 456 U.S. 336, 352 (1982). As such, the holding in *Reiter* does not directly apply to the facts of this case.

Nonetheless, the ICC insists upon a capacious reading of *Reiter*. It argues that *Reiter*'s holding applies not only to statutory claims specifically accorded to shippers but also to the claims accorded to the ICC. The ICC explains that it is not asserting the rights of shippers; instead, it is enforcing, on its own, the credit regulations validly promulgated under the ICA. Furthermore, the ICC claims that the reason why the Supreme Court did not allow shippers to raise defenses based on credit regulation violations in *Commercial Metals* was that the Court believed that the

ICC had "ample authority to police the credit practices of carriers and thereby to deter improper practices." 456 U.S. at 349. The Court specifically noted that that authority included the power to seek federal court injunctions under the ICA. *See id.* Thus, the ICC claims that it is doing in *Transcon* just what *Commercial Metals* recognized that it could do: seek injunctions to enforce its credit regulations.

It is not necessary in this case to decide whether the ICC's reading—that *Reiter* applies not only to the claims of shippers but also to the claims of the ICC—is correct. For even if it is, the Commission has failed to demonstrate that our decision in *Transcon* was wrong. Under the ICC's reading of *Reiter*, the filed rate doctrine does not *necessarily* trump the ICC's credit regulation claims, as it would a shipper's equitable or common law defenses. The ICC therefore effectively asks us to decide which of two competing statutory claims should have priority: the carrier's claim based on the filed rate doctrine, or the ICC's claim based on the credit provisions.

In deciding which provision should be given priority, we take guidance from the Supreme Court's affirmation in *Maislin* of the vital importance of the filed rate doctrine to the ICA. *See* 497 U.S. at 132. Our continued reliance on *Maislin* in resolving the conflict between the filed rate doctrine and the ICC's credit regulations is entirely appropriate. Indeed, since *Reiter* was handed down, two other circuits have reaffirmed *Maislin*'s recognition of the central importance of the filed rate doctrine. *See Brizendine v. Cotter & Co.*, 1993 WL 292348, at *3, 62 U.S.L.W. 2108 (7th Cir. Aug. 5, 1993); *Overland Express, Inc. v. ICC*, 996 F.2d 356, 358 (D.C. Cir. 1993).

With the teaching of *Maislin* in mind, we weigh the possible consequences of our decision. If we reverse and order summary judgment in favor of the ICC, then the ICC will be able to enjoin carriers from suing shippers for the filed rate even though the shipper itself could not rely upon the credit regulations as a defense or counterclaim. This result would permit an end-run around the filed rate doctrine. A carrier and shipper could privately negotiate a discount from the filed rate. The carrier would purposely violate various credit regulations such as 49 C.F.R. 1320.3(c), which requires the original bill to the shipper to carry a notice of the penalty for late payments. If the ICC goes along, then the filed rate doctrine would be gutted. Neither the carrier nor the shipper would protest the arrangement that they themselves have negotiated. If the ICC looks the other way, only after a carrier goes bankrupt would the illegal discount be brought to light. But because the carrier intentionally failed to give notice to the shipper, the ICC would have the power to enjoin the trustee's suit to enforce the filed rate, and the trustee would have no power to undo the illegal bargain struck by the carrier and shipper.

On the other hand, if we reaffirm the summary judgment awarded by the district court to the Trustee, the ICC claims that it will be powerless to enforce its credit regulations. In the ICC's parade-of-horribles, the carrier may flaunt the ICC's credit regulations with impunity because the shipper, under *Commercial Metals* and the ICC, under our holding in *Transcon*, can do nothing. But this concern is exaggerated.

The ICC has at its disposal a wide array of tools for enforcing its credit regulations. For example, the

ICC may issue cease-and-desist orders, *see Southern R. Co. v. United States*, 168 F. Supp. 29 (N.D. Ala. 1960), and seek federal injunctions, *see* 49 U.S.C.A. § 11702 (West Supp. 1993), to force carriers to obey its credit regulations. Upon violation of such orders and injunctions, the ICC can issue substantial fines of $5,000 per day for a knowing violation of its orders, *see* 49 U.S.C.A. § 11901(a) (West Supp. 1993), and request the enforcement aid of the judiciary. *See generally Commercial Metals*, 456 U.S. at 336 (listing enforcement tools of the ICC). The only thing that the ICC cannot do upon a violation of credit regulations is enjoin the carrier from suing the shipper for the filed rate. Since all other enforcement mechanisms remain, the claim that our opinion in *Transcon* eviscerates the ICC's power to enforce its credit regulations is overblown.

We recognize as well that we are in an unusual situation in which an agency has a record of challenging what the judiciary has interpreted to be the very heart of the statute that gave the agency life. In the past three years, the ICC has tried to undermine the primacy of the filed rate doctrine in various ways, to little success. In *Maislin Industries, U.S., Inc. v. Primary Steel, Inc.*, 497 U.S. 116 (1990), the Supreme Court rejected the ICC's characterization of a trustee's suit for undercharges as an unreasonable *practice* within the meaning of 49 U.S.C. § 10701(a). In *Transcon*, we rejected the ICC's claim that suits for the filed rate violated its credit regulations. More recently, in *Security Services, Inc. v. P-Y Transportation, Inc.*, 1993 WL 325719, 62 U.S.L.W. 2161 (6th Cir. Aug. 30, 1993); *Brizendine v. Cotter & Co.*, 1993

WL 292348, 62 U.S.L.W. 2108 (7th Cir. Aug. 5, 1993); and *Overland Express, Inc. v. ICC*, 996 F.2d 356 (D.C. Cir. 1993), the Sixth, Seventh, and D.C. Circuits have rejected the ICC's attempt to argue that rates filed were void because they did not follow proper filing regulations. *But see Security Services, Inc. v. K Mart Corp.*, 996 F.2d 1516 (3d Cir. 1993), *petition for cert. filed*, 62 U.S.L.W. 3165 (August 23, 1993); *Atlantis Express, Inc. v. Associated Wholesale Grocers, Inc.*, 989 F.2d 281 (8th Cir. 1993); *F.P. Corp. v. Twin Modal, Inc.*, 989 F.2d 285 (8th Cir.), *cert. denied*, 1993 WL 233242 (1993); *Freightcor Services, Inc. v. Vitro Packaging, Inc.*, 969 F.2d 1563 (5th Cir. 1992), *cert. denied*, 113 S. Ct. 979 (1993) (all four cases upheld the ICC rule struck down in *Overland*). It appears that in this case, the ICC has seemed less interested in enforcing credit regulations for their own sake and more interested in avoiding what it considers to be another ill-advised application of the filed rate doctrine.

In sum, *Reiter*'s plain holding does not alter our result because the ICA does not specifically accord a claim or defense to the shipper on the basis of credit regulation violations. Even if capaciously read, *Reiter* at most requires us to resolve a clash of two statutory claims. In doing so we rely upon *Maislin*'s teaching that the filed rate doctrine is "utterly central to the administration of the [Interstate Commerce] Act." *Maislin*, 497 U.S. at 132 (internal quotations omitted).

Finally, a comparison of the competing policies embodied in the credit regulations and the filed rate doctrine does not alter our stance. Reversing our decision

would open an end-run around the filed rate doctrine, whereas affirming our decision would preserve the filed rate doctrine while leaving to the ICC sufficient authority to enforce its credit regulations by other means. Accordingly, the summary judgment in favor of the Trustee as to the collection of the bureau rate on overdue accounts is affirmed.

APPENDIX B

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 92-55036

INTERSTATE COMMERCE COMMISSION,
PLAINTIFF-APPELLANT

v.

TRANSCON LINES, a corporation;
LEONARD L. GUMPORT, Chapter 7 Trustee,
DEFENDANTS-APPELLEES

Appeal from the United States District Court
for the Central District of California

Argued and Submitted April 8, 1992

Decided June 17, 1992

As Amended on Denial of Rehearing and
Rehearing En Banc April 5, 1993

Before: BOOCHEVER, NORRIS and NOONAN, Circuit Judges.

ORDER

The opinion as amended December 10, 1992 is hereby further amended by striking the amendment made December 10, 1992 and restoring the opinion, as follows:

In Slip op., p. 14392, paragraph 15 is hereby deleted and replaced by the following:

[Editor's Note: Amendment has been incorporated within published opinion.]

With this amendment, the panel as constituted in the above case has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for en banc rehearing, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed.R.App.P. 35(b).

The petition for rehearing is denied, and the suggestion for a rehearing en banc is rejected.

The parties are reminded of Circuit Rule 4.6.b. Inasmuch as the opinion has been restorted to its October 23, 1992 form the court deems it highly improbable that the amendment affected by this order offers any ground for a petition for rehearing or rehearing en banc.

This court's order granting Appellant Interstate Commerce Commission's motion to stay the mandate expired on January 7, 1993. The Motion filed on March 8, 1993 of Appellant Interstate Commerce Commission to stay issuance of the mandate is **DENIED.**

The mandate shall issue forthwith.

WILLIAM A. NORRIS, Circuit Judge, concurring:

I concur in the order denying the petitions for rehearing and rejecting the suggestions for rehearing en banc because I agree that the Trustee has no standing to challenge the lawfulness of its own rates. I write separately to address a related point—the Trustee's attempt to establish standing by casting its challenge as one to the legality, rather than the lawfulness, of Transcon's rates. The Trustee contends that Transcon's coded tariff was not duly filed because neither the Commission nor the public could determine from the four corners of the tariff the identity of the shipper receiving each coded discount. As a result, the Trustee would have us strike the discount tariff and enforce as the filed rate the undiscounted bureau tariff, which was part of Transcon's filing and which suffers from no similar infirmity.

I confess to some misgivings about the legality of coded discounts and am pleased that the ICC has decided to address the issue. *See Reconsideration of Special Tariff Authorities Authorizing the Publication of Customer Account Codes in Tariffs*, I.C.C. Decision No. 40888 (Jan. 5, 1993). In this case, however, we cannot reach the question. For if coded rates are not duly filed and published rates, then to the extent Transcon's rates were coded, they were not filed. That is, for shipments subject to discount because payment was made within 90 days, Transcon had no rates on file, and thus no basis for collecting undercharges. *See Wonderoast, Inc.—Petition for Declaratory Order—Certain Rates and Practices of Transportation Systems International, Inc.*, 8 I.C.C.2d 272, 278 (1992) (undercharges not available where no rates are filed).

In an attempt to establish an alternative filed rate for these shipments, the Trustee urges us to disaggregate Transcon's filing. He argues that, once the coded discounts are stricken, the filed rate is simply the bureau rate. But the bureau rate is only part of the filed rate. For shippers who pay within 90 days, the filed rate, if one exists, is the bureau rate less the discounts. We cannot strike the discounts and enforce the undiscounted bureau rates in their stead. We would as soon invalidate only the coded restriction on who receives the discount rate, which would leave the Trustee vulnerable to shippers seeking overcharges for discounts denied because their customer numbers were not on the filed tariff. Either way, Transcon's rate filing must be reformed if the coded discounts are invalidated. But it is the Commission that has sole discretion to craft an appropriate remedy when the rates on file do not themselves comport with the law. *Maislin Industries v. Primary Steel*, 497 U.S. 116, 133, 110 S.Ct. 2759, 2769, 111 L.Ed.2d 94 (*citing ICC v. American Trucking Assns., Inc.*, 467 U.S. 354, 364-65, 104 S.Ct. 2458, 2464, 81 L.Ed.2d 282 (1984)); *Genstar Chemical Ltd. v. ICC*, 665 F.2d 1304, 1308, *cert. denied*, 456 U.S. 905, 102 S.Ct. 1750, 72 L.Ed.2d 161 (1981) ("where the shipper has been charged no more than the rate reflected in the tariff on file, the remedy for any unlawfulness or irregularity is measured not by looking to some other tariff but by the harm, if any, caused by the unlawfulness or irregularity").

The Trustee contends that this analysis conflicts with the first holding of our panel's opinion, namely that shippers who neglected to pay within 90 days are

liable for undercharges. But under the rules tariff, shippers who fail to pay within 90 days cannot avail themselves of the coded discounts. The rates for those shipments—undiscounted bureau rates—are filed and enforceable regardless of the status of the coded rates.

The Trustee further contends that this analysis conflicts with existing Ninth Circuit and ICC decisions, but neither case he cites supports his argument. *Friedman Bag Co., Inc. v. Max C. Pope, Trustee of the Estate of A.T.F. Trucking, Inc.*, Fed.Carr.Rptrs. (CCH) ¶¶ 37,986.01 (May 22, 1992), 1992 WL 110857, 1992 MCC LEXIS 61, *13-*14, recognizes that when no filed rate applies to a shipment at issue, the shipper may collect a just and reasonable rate, but that only the ICC may fashion such a remedy. *Milne Truck Lines Inc. v. Makita U.S.A., Inc.*, 970 F.2d 564, 568 (9th Cir.1992), applied the filed rate, rather than reforming, deconstructing, or in any other way altering the carrier's filing.

In sum, the federal courts are charged with enforcing the filed rate when one exists, but when none exists, only the ICC can fashion a remedy. If coded discounts are illegal, the ICC, not the courts, must determine whether undercharges are available.

OPINION

NOONAN, Circuit Judge:

The Interstate Commerce Commission (the ICC or the Commission brought suit against Transcon Lines (Transcon) and its trustee in bankruptcy, Leonard Gumport (the Trustee), seeking an injunction

against the collection of freight charges in violation of ICC credit regulations or in excess of Transcon's tariffs filed with the Commission. The district court granted summary judgment to the defendants. The ICC appeals.

The case presents several unusual elements: a challenge by the Trustee to the ICC's credit regulations as subversive of the traditional "filed rate doctrine"; the Trustee's repudiation of certain of Transcon's own filed tariffs; the assertion by the Trustee of authority to collect from Transcon's shippers a very large amount of undercharges. We disagree with the reasoning of the district court on these issues and remand to the district court for entry of an injunction against certain of the Trustee's collection activities. At the same time we affirm the district court's denial of an injunction against the Trustee's collection of overdue freight charges.

BACKGROUND

Transcon was once the twelfth largest motor carrier in the United States, with annual revenues of over $200 million. It engaged in its operations as a common and contract carrier in interstate commerce pursuant to authority issued to it by the ICC. On May 1, 1990, an involutary bankruptcy petition was filed against it in the United States Bankruptcy Court, Central District of California. On May 21, 1990, Transcon consented to an order for relief under Chapter 11. Leonard Gumport was appointed its trustee. On July 10, 1991, the bankruptcy court converted the proceeding to one under Chapter 7 and on July 17, 1990, appointed Gumport the Chapter 7 trustee.

On August 23, 1990, the Trustee obtained authority from the bankruptcy court to employ a rate auditor, a collection agency, and collection attorneys for the purpose of collecting freight charges due Transcon prior to its bankruptcy petition. With the aid of these auxiliaries, the Trustee began efforts to collect from shippers an estimated $8 million in unpaid freight charges, consisting of both unbilled charges and charges which, though billed, remained uncollected. The Trustee also began efforts to collect from shippers an estimated $15 million in additional freight charges.

In this suit, filed September 17, 1991, the ICC asserted that the Trustee in his collection efforts was seeking to collect charges in excess of the tariffs filed by Transcon with the ICC and in numerous such instances had asserted a loss-of-discount remedy for non-payment or untimely payment of an original freight bill without complying with the ICC's regulations governing a carrier's extension of credit and a carrier's remedies against a shipper who received credit but did not pay at the agreed-upon time. The ICC provided a sampling of such charges, showing, *e.g.*, against Marson Corporation 28 claims by Transcon for shipments between January and April 1990, for which the total originally billed by Transcon was $9,631.09; of which Marson had originally paid $7,307.91; and for which the Trustee now sought to collect not only the balance remaining but $7,772.85 as the loss-of-discount remedy for failure to pay on time.

The Trustee answered the ICC's complaint on October 8, 1991. The Trustee denied that the ICC had jurisdiction over him in that Transcon was no longer an operating common carrier in interstate commerce.

The Trustee further denied that the ICC's credit regulations were in accordance with the statute authorizing such regulations, 49 U.S.C. § 10743, and went on to offer three "affirmative defenses," viz. (1) that Transcon's "entire discount scheme" was "an unlawful secret rebate scheme" that the Trustee could not enforce or be compelled to enforce; (2) that Transcon's "discount tariffs on file with the Interstate Commerce Commission violated the 'anticredit' statutes set forth at 49 U.S.C. § 10743;" and (3) that the ICC's credit regulations violated "the filed rate doctrine as set forth in the case of *Maislin Industries v. Primary Steel*, 497 U.S. 116, 110 S.Ct. 2759, 111 L.Ed.2d 94 (1990)."

That Transcon filed with the ICC a variety of rates is undisputed. One rate was derived from a combination of "the class rate" and "the bureau tariff." The class rate came from the National Motor Freight Classification, filed with the ICC on behalf of Transcon and other carriers by the National Motor Freight Traffic Association, Inc. In this gigantic compilation of shippable goods, a class was assigned to every shippable object in terms of its weight, shape, and other characteristics affecting transportability. "Bureau tariffs" were also filed by agents for various collectivities of carriers, *e.g.*, the Rocky Mountain Tariff Bureau. The bureau tariff determines the cost of movement by carrier between any two points in the United States for the goods classified under the National Motor Freight Classification. This freight charge, commonly referred to as "the bureau rate," was on file with the ICC on behalf of Transcon as it was on file for other common carriers.

Transcon also filed with the ICC a "rules tariff." This tariff specified, in relevant part, that discounts

"shall apply only when tariff charges are paid within 90 calendar days from the date of shipment." This document added that it "simply establishe[d] a condition precedent," *i.e.*, timely payment, for a discount to be given.

Transcon did, in fact, give discounts to shippers. These discounts, too, were filed with the ICC in a tariff labelled TCON 625. Ninety percent of all discounts given by Transcon were given under TCON 625. In over 98% of the discounts given under TCON 625 the shipper was identified only by a code number. Transcon kept an index to the code for its own use. The index was neither filed with the ICC nor open to the public.

STATUTES, REGULATIONS, AND POLICY

The most relevant statutes, set out in 49 U.S.C. are these:

§ 10743. Payment of rates

(a) Except as provided in subsection (b) of this section, a common carrier (except a pipeline or sleeping car carrier) providing transportation or service subject to the jurisdiction of the Interstate Commerce Commission under this subtitle shall give up possession at destination of property transported by it only when payment for the transportation or service is made.

(b)(1) Under regulations of the Commission governing the payment for transportation and service and preventing discrimination, those carriers may give up possession at destination of property transported by them before payment for the transportation or service.

§ 10761. Transportation prohibited without tariff

(a) Except as provided in this subtitle, a carrier providing transportation or service subject to the jurisdiction of the Interstate Commerce Commission under chapter 105 of this title shall provide that transportation or service only if the rate for the transportation or service is contained in a tariff that is in effect under this subchapter. That carrier may not charge or receive a different compensation for that transportation or service than the rate specified in the tariff whether by returning a part of that rate to a person, giving a person a privilege, allowing the use of a facility that affects the value of that transportation or service, or another device. . . .

§ 11702. Enforcement by the Interstate Commerce Commission

(a) The Interstate Commerce Commission may bring a civil action— . . . ,

(4) to enforce this subtitle (except a civil action under a provision of this subtitle governing the reasonableness and discriminatory character of rates), or a regulation or order of the Commission or a certificate or permit issued under this subtitle when violated by a motor carrier or broker providing transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title or by a foreign motor carrier or foreign motor private carrier providing transportation under a certi-

ficate of registration issued under section 10530 of this title.

The relevant regulations issued by the ICC under 49 U.S.C. § 10743 are set out in 49 C.F.R. § 1320 (as amended through July 24, 1989).[1]

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[1] § 1320.1 Scope.

(a) *General.* These regulations apply to the extension of credit in the transportation of property under Interstate Commerce Commission regulation by rail, motor, and water carriers and household goods freight forwarders, except as otherwise provided. . . .

§ 1320.2 Extension of credit to shippers.

(a) *Authorization to extend credit.* (1) A carrier that meets the requirements in paragraph (a) (2) of this section may—

(i) Relinquish possession of freight in advance of the payment of the tariff charges, and

(ii) Extend credit in the amount of such charges to those who undertake to pay them (such persons are called "shippers" in this part).

(2) For such authorization, the carrier shall take reasonable actions to assure payment of the tariff charges within the credit periods specified—

(i) In this part, or

(ii) In tariff provisions published pursuant to the regulations in paragraph (d) of this section.

(b) *When the credit period begins.* The credit period shall begin on the day following presentation of the freight bill.

(c) *Length of credit period.* Unless a different credit period has been established by tariff publication pursuant to paragraph (d) of this section, the credit period is 15 days. It includes Saturdays, Sundays, and legal holidays.

(d) *Carriers may establish different credit periods in tariff rules.* Carriers may publish tariff rules establishing credit periods different from those in paragraph (c) of this section. Such credit periods shall not be longer than 30 calendar days.

(e) *Service charges.* (1) Service charges shall not apply when credit is extended and payments are made within the

The relation of many of these regulations to bankruptcy was made evident in a memorandum issued by the ICC on October 9, 1991, on "enforcement

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standard credit period. The term "standard credit period," as used in the preceding sentence, means—

(i) The credit period prescribed in paragraph (c) of this section, or

(ii) A substitute credit period published in a tariff rule pursuant to the authorization in paragraph (d) of this section.

(2) Carriers may, by tariff rule, extend credit for an additional time period, subject if they wish to a service charge for that additional time. The combined length of the carrier's standard credit period (as defined in paragraph (e) (1) of this section) and its additional credit period shall not exceed the 30-day maximum credit period prescribed in paragraph (d) of this section. When such a tariff rule is in effect, shippers may elect to postpone payment until the end of the extended credit period if, in consideration therefor, they include any published service charges when making their payment.

(3) Carriers may, by tariff rule, establish service charges for payments made after the expiration of an authorized credit period. Such a rule shall—

(i) Institute such charges on the day following the last day of an authorized credit period, and

(ii) Notify shippers—

(A) That its only purpose is to prevent a shipper who does not pay on time from having free use of funds due to the carrier.

(B) That it does not sanction payment delays, and

(C) That failure to pay within the authorized credit period will, despite this provision for such charges, continue to require the carrier, before again extending credit, to determine in good faith whether the shipper will comply with the credit regulations in the future.

(4) Tariff rules that establish charges pursuant to paragraph (e) (2) or (3) of this section may establish minimum charges.

policy" to its Office of Compliance and Consumer Assistance—Enforcement Staff (OCCA). The memohandum, after reviewing the beneficial effects of the policy guidelines issued by the ICC in 1988, declared:

(f) *Discounts.* Carrier may, by tariff rule, authorize discounts for early freight bill payments when credit is extended.

(g) (1) *Collection expense charges.* Carrier may, by tariff rule, assess reasonable and certain liquidated damages for all costs incurred in the collection of overdue freight charges. Carriers may use one of two methods in their tariffs:

(i) The first method is to assess liquidated damages as a separate additional charge to the unpaid freight bill. In doing so, the tariff rule shall disclose the exact amount of the charges by stating either a dollar or specified percentage amount (or a combination of both) of the unpaid freight bill. The tariff shall further specify the time period (which shall at least allow for the authorized credit period) within which the shipper must pay to avoid such liquidated damages.

(ii) The second method is to require payment of the full, nondiscounted rate instead of the discounted rate otherwise applicable. The difference between the discount and the full rate constitutes a carrier's liquidated damages for its collection effort. Under this method the tariff shall identify the discount rates that are subject to the condition precedent and which require the shipper to make payment by a date certain. The date certain may not be set to occur by the carrier until at least after the expiration of the carrier's authorized credit period.

(2) The damages, the timing of their applicability, and the conditions, if any, as provided by the tariff rule methods allowed under paragraphs (g) (1) (i) and (ii) of this section also:

(i) Shall be clearly described in the tariff rule;

(ii) Shall be applied without unlawful prejudice and/or unjust discrimination between similarly situated shippers and/or consignees;

(iii) Shall be applied only to the non-payment of original, separate and independent freight bills and shall not apply to

Other parts of the guidelines have not worked as well. Departure from the filed tariff has been treated as a rebate or concession which was excluded from the high emphasis enforcement list.

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aggregate "balance-due" claims sought for collection on past shipments by a bankruptcy trustee, or any other person or agent;

(iv) Shall not apply to instances of clear clerical or ministerial error such as non-receipt of a carrier's freight bill, or shipper's payment check lost in the mail, or carrier mailing of the freight bill to the wrong address;

(v) Shall not apply in any way to a charge for a transportation service if the carrier's bill of lading independently provides that the shipper is liable for fees incurred by the carrier in the collection of freight charges on that same transportation service;

(vi) Shall be applied only after the authorized credit period, and when the carrier has issued a revised freight bill or notice of imposition of collection expense charges for late payment within 90 days after expiration of the authorized credit period.

(3) As an alternative to the tariff-rule methods allowed under paragraphs (g) (1) (i) and (ii) of this section, a carrier may, wholly outside of its tariff, assess collection charges though [sic] contract terms in a bill of lading. By using the carrier and its bill of lading, the shipper accepts the bill of lading terms.

(h) *Discrimination prohibited.* Tariff rules published pursuant to paragraphs (d), (e), and (f) of this section shall not result in unreasonable discrimination among shippers.

§ 1320.3 Presentation of freight bills.

(c) *Bills or accompanying written notices shall state penalties for late payment, credit time limits and service charge and/or collection expense charge and discount terms.* When credit is extended, freight bills or a separate written notice accompanying a freight bill or a group of freight bill or a group of freight bills presented at one time shall state that "failure timely to pay freight charges may be subject to tariff penal-

However, in the partially deregulated and highly competitive environment of the 1980's, numerous carriers failed to file tariffs reflecting agreed to reduced rates. The subsequent bankruptcy of some of these carriers, and the ensuing efforts of zealous auditors to find any additional monies that might be collected on behalf of those carriers' estates, resulted in a flood of civil actions to collect undercharges from shippers. The Commission's first attempt to deal with this problem (by declaring these carriers' actions an unreasonable practice that would bar collection of the filed rate) was rejected by the Supreme Court.

The widespread bombarding of shippers with undercharge claims has created instability and confusion. In light of this development, it is important that motor carriers and the shipping public continue to be sensitive to the requirement for common carriers to file their rates and adhere to them. Accordingly, tariff filing requirements are worthy of increased attention and cannot be relegated to a low emphasis category. OCCA will consider enforcement action where feasible against carriers who fail to assess and collect filed rates and shippers who knowingly receive such concessions and rebates. Factors to be taken into consideration include whether the number and size of the balance due bills would affect prosecutive merit, whether the nature of the tariff departures make pursuit of the violations appropriate, whether the carrier is in bankruptcy, whether there are pending related Commission proceedings, whether there is a willingness on the part of the carrier to discontinue the unlawful practice and make refunds and whether the enforcement action will be cost effective. The foregoing are merely guidelines which OCCA may follow.

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ties" (or a statement of similar import). The bills or other notice shall also state the time by which payment must be made and any applicable service charge and/or collection expense charge and discount terms.

PROCEEDINGS

Conceding that no material facts were in dispute, each party moved for summary judgment. The district court held a hearing on the morning of November 25, 1991. After argument, the district court denied the ICC's motion for summary judgment and granted the Trustee's and Transcon's cross-motion for summary judgment. In open court in explanation of its judgment the district court gave two reasons: First, the ICC credit regulations conflicted with the filed rate of Transcon. *Maislin*, 497 U.S. 116, 110 S.Ct. 2759, held that an ICC policy could not permit departure from the filed rate; neither, the district court reasoned, could ICC regulations. Second, the failure of the filed discount rate to disclose the name of the customer being given the rate made the filed discount rates illegal; they violated the requirement, read into the statute by *United States v. Chicago and A. Ry. Co.*, 148 F. 646 (1906), *aff'd on other grounds* 156 F. 558 (7th Cir.1907), *aff'd per curiam*, 212 U.S. 563, 29 S.Ct. 689, 53 L.Ed. 653 (1909), that the customer be identified in the filing.

The district court denied the ICC's motion for reconsideration.

The ICC appeals, joined by the United States pursuant to 28 U.S.C. § 517.

ANALYSIS

Jurisdiction. The Trustee has not argued to this court the position he adopted in his answer to the ICC's complaint. Jurisdiction is not now contested. The Trustee stands in the shoes of a motor carrier regulated by the ICC. It would defeat the purpose of the regulatory scheme to hold that bankruptcy ended the ICC's enforcement powers over the carrier. We hold that the ICC is authorized by the statute to bring a civil action of enforcement against the carrier's estate, 49 U.S.C. § 11702, and accordingly we have jurisdiction to hear this suit. 28 U.S.C. § 1291.

The Filed Rate Doctrine. The starting point is the statute governing what regulated carriers must charge, 49 U.S.C. § 10761, a statute that must be read in terms of the several decisions of the Supreme Court insisting on its mandatory character and its central role in the regulation of interstate carriers. The statute, set out in greater fullness above, provides that a regulated carrier shall provide transportation or service "only if the rate for the transportation or service is contained in a tariff that is in effect under the subchapter. That carrier may not receive or charge a different compensation for that transportation or service than the rate specified in the tariff. . . ." As the Supreme Court construed the statute over 75 years ago: "under the Interstate Commerce Act, the rate of the carrier duly filed is the only lawful charge. Deviation from it is not permitted upon any pretext." *Louisville & Nashville R. Co. v. Maxwell*, 237 U.S. 94, 97, 35 S.Ct. 494, 495, 59 L.Ed. 853 (1915). Compliance with the requirement has been found to be "utterly central" to the administration of the Interstate Commerce Act. *Maislin*, 497 U.S. at 132, 110 S.Ct. at 2769.

An exception is written into section 10761 itself for what is "otherwise provided in this subchapter." What is otherwise provided by separate statutory provisions are that the rates may not be unreasonably discriminatory, 49 U.S.C. § 10741; must be reasonable, 49 U.S.C. § 10701; and may be on credit under regulations issued by the ICC, 49 U.S.C. § 10743. The ICC also has the initial responsibility of determining if a rate is unreasonably discriminatory or unreasonable, or if "the practice" of a carrier, as distinct from a rate, is unreasonable, 49 U.S.C. § 10704(b)(1). The interplay of the last statute with the filed rate doctrine was at issue in *Maislin*, which reaffirmed the primacy of the filed rate doctrine. *Id.* at 130, 110 S.Ct. at 2768.

What led to *Maislin* was that the ICC had interpreted the Motor Carrier Act of 1980, Pub. L. No. 96-296, 94 Stat. 793, to justify a substantial departure from the filed rate doctrine. The Motor Carrier Act deregulated interstate trucking in many ways. *Maislin* at 122, 110 S.Ct. at 2764. The ICC concluded that negotiated rates between a carrier and a shipper were now permissible even though the negotiated rate was not filed with the Commission. The negotiated rate was always lower than the filed rate—the negotiated rate was intended to meet competition. As long as the carrier stayed in business, no one objected; a carrier would not offend its customers by reneging on the deal. But when a carrier went out of business and a trustee in bankruptcy replaced it, the situation changed radically. The trustee was interested only in collecting the maximum amount legally possible; the trustee was not constrained by the desire to preserve the confidence of the carrier's customers. The trustee was in the position to denounce the nego-

tiated, unfiled rate as illegal and to insist on the payment of the higher filed tariff.

Such was the case in *Maislin*. From 1981 to 1983 a carrier had negotiated rates with shippers that were below its filed rates; the negotiated rates were never filed; the carrier entered bankruptcy; the trustee sought to recover from over one thousand shippers the undercharges, i.e., the difference between the filed rates and the negotiated rates. One shipper, who was sued for $187,923.26 of undercharges, defended by claiming that the carrier's practice of seeking the full amount was unreasonable and that the filed tariff was unreasonable. The district court referred these issues to the Commission, which held that the trustee's attempted collection was an unreasonable practice inasmuch as the shipper had in good faith relied on the negotiated rate. Back in the district court, the ICC's ruling was given effect, and the Eighth Circuit affirmed, holding that there was no provision in the Interstate Commerce Act "elevating" the filed rate requirement over the requirement of reasonableness. 879 F.2d 400, 405 (8th Cir.1989). The Supreme Court reversed, adhering to the primacy of the filed rate doctrine. *Maislin*, 497 U.S. at 130, 110 S.Ct. at 2768.

In the course of reaching this conclusion, the Court rejected arguments that would have led to the opposite result and were vigorously pressed by the dissent. First, it was argued that the ICC was the agency charged with the administration of the Interstate Commerce Act and with its harmonious interpretation as a whole; deference was due its interpretation. *Chevron U.S.A. Inc. v. National Resources Defense Council, Inc.*, 467 U.S. 837, 843, 104 S.Ct. 2778, 2781, 81 L.Ed.2d 694 (1984). Second, it was

argued that the filed rate requirement was a vestige of an earlier era where policing of the vast power of the railroads was the thrust of the regulatory scheme; the Motor Carrier Act of 1980 had changed all that as far as trucking was concerned; vigorous competition among the carriers was now to be encouraged. Third, it was contended that the only beneficiaries of the Court's rigid insistence on the old requirement would be the bankruptcy bar and the unsecured creditors of bankrupt carriers, to say the least a strange policy result and contrary to the usual consideration given to equity in the administration of a bankruptcy.

The Court was adamant. The statute as construed by the Court put the filed rate requirement first. The agency's ruling could not stand if it derogated from the filed tariff. If deregulation and competition were to have complete sway it was for Congress not the ICC or the courts to repeal the old law, so often construed and enforced by the Court. If a windfall was given to unexpected recipients—so at least the Court implied—it was not the Court's business. Long ago it had determined that shippers were not entitled to equitable defenses against the filed rate. *Texas & Pacific R. Co. v. Mugg*, 202 U.S. 242, 26 S.Ct. 628, 50 L.Ed. 1011 (1906). "Despite the harsh effects of the filed rate doctrine, we have consistently adhered to it." *Maislin*, 497 U.S. at 128, 110 S.Ct. at 2767. The special equitable considerations governing bankruptcy (e.g., He who seeks equity must do equity) were not mentioned but inferentially, as *Maislin* was a bankruptcy case, these equities, too, were subordinated to the filing requirement. In a triumph of doctrinal consistency, the filed rate doctrine ruled the roost.

Transcon's Filed Rate. As already described, Transcon had on file with the ICC the bureau rate setting out its full charges; its discount rate; and the rules tariff providing that the discounts applied to charges that were paid within 90 days of the date of shipment. Together these filings constituted Transcon's filed rate. None of the filed rates incorporated all the conditions set by the ICC for the extension of credit.

The application of Transcon's filed rate leads (1) to the grant of discounts subject to a condition; (2) to the loss of the discounts when the condition is not met, i.e., payment is not made in 90 days; with the result (3) that the bureau rate governs.

The Impact of the ICC's Credit Regulations. The regulations, the ICC responds, are being ignored. Under the statute, § 10743, credit can be extended by a carrier only if it complies with the regulations. Transcon and the Trustee have not complied with a number of regulations, to wit (1) that the original bill to the shipper carry a notice of the penalty for late payment, 49 C.F.R. 1320.3(c); (2) that such penalty be applied "only to the non-payment of original, separate, and independent freight bills and shall not apply to aggregate 'balance-due' claims sought for collection on past shipments by a bankruptcy trustee, or any other person or agent." *Id.* 1320.2(g)(2)(iii); and (3) new bills asserting the penalty must be issued "within 90 days of the expiration of the authorized credit period." *Id.* 1320.2(g)(2)(vi).

Transcon did not comply with the regulation requiring the notice in the original bill, and it is too late for the Trustee to remedy this omission. The Trustee has not complied with the regulations requiring new, individual, non-aggregated bills, and he would find it difficult or impossible to do so. As the regulations have not been complied with, so the Commission contends, the Trustee cannot collect the bureau rate.

The ICC's position depends on one further proposition: that the difference between the discount rate and the bureau rate constitutes the "liquidated damages" that the carrier may collect when the shipper-on-credit does not pay on time. 49 C.F.R. § 1320.2(g)(1)(ii). In the terms used by this regulation, "collection expense charges" are what a carrier collects when the shipper is assessed for overdue freight charges and the difference between the discount and nondiscount rate constitutes the carrier's liquidated damages for [illegible]s expense. It is the ICC's position that the only authority the carrier has for collecting these liquidated damages is obtained by complying exactly with the preceding ICC regulations on credit.

We need not in this case determine the validity of the ICC credit regulations. We need not, for example, determine whether the difference between discounted and bureau rates can so neatly be turned into liquidated damages; nor need we explore the absence of any reference in the regulations to interest or the meaning of "service charges" which the same set of regulations apparently uses in distinction to "collection charges," *see id.* § 1320.2(e). On such questions, it may well be that deference should be given, as *Chevron* requires, to the agency's expertise. We also do not question that, in general, the ICC has power to enforce its credit regulations by seeking an injunction. 49 U.S.C. § 11702(a)(4) and (a)(6). The ICC has broad powers to shape remedies for the violation of its rules. *I.C.C. v. American Trucking Assns. Inc.*,

467 U.S. 354, 355, 104 S.Ct. 2458, 2459, 81 L.Ed.2d 282 (1984).

The case, however, is different when the ICC seeks an injunction applying its regulations in such a way as to undercut the filed requirement. Then *Maislin* governs. Regulations, however valid in other contexts, cannot furnish the reason for letting the carrier abandon the filed rate. The ICC's interpretation of these regulations to allow such a result then has no greater force than the policy rejected in *Maislin*. Although the Act authorizes the ICC to regulate carrier credit, the filed rate doctrine trumps the manner in which the ICC seeks to regulate carrier credit in this case, just as in *Maislin* it trumped the policy the ICC had adopted pursuant to its statutory authority to determine the reasonableness of a practice. The filed rate requirement, as *Maislin* holds, is controlling.

As *Maislin* points out, "past experience shows that billing clerks and other agents of carriers might easily become experts in the making of errors and mistakes," so as to give lower rates to favored shippers, "while other shippers, less fortunate in their relations with carriers . . . would be compelled to pay the higher published rates." *Maislin*, 497 U.S. at 126-47, 110 S.Ct. at 2766-77 (quoting *Poor v. Chicago, B & Q.R. Co.*, 12 I.C.C. 418, 421 *Grain Co.* (1907)). Here, the ICC seeks to enforce its regulations in a way that essentially encourages and endorses such methods of circumventing the filed rate requirement, for it would prevent the Trustee from collecting the bureau rate in accordance with all of its filed tariffs. If allowed to enforce its regulations in this way, "the ICC [would permit] the very price discrimination the Act by its terms seeks to prevent." *Maislin*, 497 U.S. at 130, 110 S.Ct. at 2768.

The Commission's reliance on *Delta Traffic Service, Inc. v. ADM*, 954 F.2d 721 (5th Cir. 1992), and *Delta Traffic Service, Inc. v. Mennen Co.*, 919 F.2d 134 (3d Cir. 1990), is misplaced. First, both opinions are unpublished, although the district court opinion in the Third Circuit case is published. *See Delta Traffic Service, Inc. v. Mennen Co.*, 730 F.Supp. 1309 (D.N.J.1990). Second, both involved loss-of-discount provisions adopted by carriers at a time when ICC regulations did not permit such provisions. Transcon's loss-of-discount provision, in contrast, was adopted after the 1988 amendment to the ICC regulations that specifically authorized such provisions.

Going by the filed rate as we must, there is a single filed tariff governing here: the rules tariff providing that the discount lasts only for 90 days after the date of shipment and that timely payment is a precondition of the discount.

There is no need to go beyond this determination of what the operative tariff is. One or two other points, however, are worth mentioning. In oral argument the ICC maintained that "no one reads the tariffs," that is why the ICC's credit regulations required notice by bill. We do not know the accuracy of the ICC's observation although we are instructed by the Supreme Court that "there are commercial services providing up-to-the-minute details of the carrier's rate schedule." *Maislin*, 497 U.S. at 132, 110 S.Ct. at 2769, n. 12. If a shipper doesn't read the tariff, would the shipper read the regulations? It is fair to suppose that any buyer getting a discount subject to a precondition is aware that there is a full rate to be paid if the precondition is not met and it is fair to put upon the buyer the burden of knowing what the precondition is. The equities here are not necessarily

with the late-paying shippers. They enjoyed the extension of credit by the carrier while the carrier became insolvent. It is not fair to make them now contribute to the payment of the carrier's unsecured creditors. But, under *Maislin*, we need not balance equities. The filed rate is decisive.

Not exactly for the first reason given by the district court, that the credit regulations are "invalid," do we affirm its judgment, but because the Commission's regulations cannot be enforced in this way to undercut the filed rate.

The Coded Rates. We also do not adopt the second reason given by the district court that the coded discount rates were invalid because publication of the customers names was required. If that reason held, the vast majority of Transcon's discount rates, being coded, would be unlawful, and the Trustee could believe he could collect the bureau rate as the only filed rate that was lawful. In invalidating the coded discount rates, the district court drew no conclusions as to what the Trustee was free to do beyond denying the ICC the injunction it sought. The Trustee, however, has interpreted the invalidation of the coded rates as the equivalent of a declaration that the only rate in effect was the bureau rate. Following the district court's decision, the Trustee informed shippers who had already paid in timely fashion the original amount billed that "the discount you were granted was and is invalid," adding that the full amount must now be paid.

We must admit to being troubled by the ICC's policy of allowing codes alone to identify shippers. Such a practice leads to secrecy, and secrecy makes possible discrimination in rate-setting. Yet we cannot agree with the district court's decision to address

the validity of the scheme because Transcon, as a carrier, lacks standing to challenge the lawfulness of its own rates, for two reasons: (1) a carrier cannot obtain reparations from a shipper for undercharges; (2) a carrier's interests are not within the zone of interests protected by the Act. These reasons are more fully elaborated below.

(1) In the jargon surrounding the Act, a "legal" rate is the *filed* rate. *See Maislin*, 497 U.S. at 128, 110 S.Ct. at 2767 ("the filed rate is the *legal* rate"). But a rate is not immune from challenge simply because it is filed; that rate must also comport with the other provisions of the Act. Any challenge to a filed rate is a challenge to its "lawfulness." *See Maislin, id.; Arizona Grocery v. Atchison Ry.*, 284 U.S. 370, 384, 52 S.Ct. 183, 184, 76 L.Ed. 348 (1932); *Chicago, M., St. P. & P.R. Co. v. Alouette Peat Products*, 253 F.2d 449, 455 n.5 (9th Cir. 1957); *Southern Pacific Transp. Co. v. San Antonio, Tex.*, 748 F.2d 266, 273-74 (5th Cir. 1984). In the technical language of the Act, an attack on the "legality" of a rate means an allegation that the rate is not a *filed* rate. As *Maislin* proves, a carrier has standing to challenge the legality of its own rates.

But it is another matter for a carrier to challenge the lawfulness of its own filed rates. A court has no power to declare a filed rate unlawful and award damages to a carrier for the past application of the rate by the carrier. A shipper may pay the filed rate, sue because the rate was unlawful, and recover reparations. *Maislin*, 497 U.S. at 128, 110 S.Ct. at 2767. No similar right exists for a carrier to recover damages because of its own illegality.

It is established law that "the shipper may receive reparation for overpayment while the carrier can

never be made whole after underpayment." *Burlington Northern, Inc. v. United States*, 459 U.S. 131, 141-42, 103 S.Ct. 514, 521-522, 74 L.Ed.2d 311 (1982). The only exception noted by the Court is a provision for a carrier to recover a portion of a rate that was suspended by the Commission but later found to be reasonable. 49 U.S.C. § 10707(d)(2). "[A] carrier may receive reparations *only* when underpayment was the result of the Commission's suspension of a tariff." *Union Pacific R. Co. v. Nevada Power Co.*, 950 F.2d 1429, 1434 n. 6 (9th Cir. 1991) (emphasis added). This court has no power to grant Transon reparations for its own unlawfulness.

Under Article III of the Constitution, federal courts may only adjudicate actual "cases" or "controversies." A "core component" of the federal doctrine of standing is "derived directly" from this constitutional limitation. *Allen v. Wright*, 468 U.S. 737, 751, 104 S.Ct. 3315, 3324, 82 L.Ed.2d 556 (1984). One aspect of the "constitutional component of standing doctrine" is that the unlawful conduct complained of by a litigant must appear "likely to be redressed by the requested relief." *Id.* But no federal court can grant Transcon or the Trustee any effective relief for the unlawfulness they allege. Transcon and the Trustee therefore lack standing to bring a claim alleging the unlawfulness of their own filed rates. Federal courts are "without power to decide questions that cannot affect the rights of litigants in the case before them." *North Carolina v. Rice*, 404 U.S. 244, 246, 92 S.Ct. 402, 404, 30 L.Ed.2d 413 (1971).

The Bankruptcy Act authorizes the trustee to act on behalf of creditors for the purpose of recovering

preferential or fraudulent transfers made by the bankrupt, *see, e.g., In re Leasing Consultants, Inc.*, 592 F.2d 103, 110 (2d Cir. 1979). No such authorization exists for the trustee to fit "into the overshoes of the bankrupt's creditors," 592 F.2d at 110, to challenge rates Transcon has filed in an effort to collect higher rates. *See In re Ozark Restaurant Equip. Co., Inc.*, 816 F.2d 1222, 1224-1226 (8th Cir. 1987), *cert. denied*, 484 U.S. 848, 108 S.Ct. 147, 98 L.Ed.2d 102 (1987).

(2) The doctrine of standing also includes "several judicially self-imposed limits on the exercise of federal jurisdiction." *Allen*, 468 U.S. at 751, 104 S.Ct. at 3324. One of these "prudential" standing limits requires that "the interest sought to be protected by the complainant is arguably within the zone of interests to be protected or regulated by the statute or constitutional guarantee." *Data Processing Service v. Camp*, 397 U.S. 150, 153, 90 S.Ct. 827, 830, 25 L.Ed.2d 184 (1970). The publication requirement of the statute is designed to protect shippers against discrimination and to protect carriers against the competitive disadvantage they may suffer if other carriers discriminate. It is not designed to allow carriers, or their successors in bankruptcy, to repudiate their own filed rates in hopes of collecting a higher rate. Thus, the interest that the Trustee asserts does not fall within the zone of interests that the Act protects. *See, e.g., Churchill Truck Lines, Inc. v. United States*, 533 F.2d 411, 416 (8th Cir. 1976) (carrier lacked standing to challenge ICC order on environment grounds).

The Trustee may say, if I can collect the bureau rate on overdue charges, why cannot I collect the

bureau rate if the alternative tariff is held illegal? The answer is the filed rate doctrine. When the Trustee collects on the overdue charges, he follows the filed rate, *i.e.*, the rules tariff. When the Trustee seeks to collect the bureau rate in lieu of the allegedly unlawful discount rate, he leaps over the filed rate. He may not do so.

The Trustee cannot make an end run around the limitations on the carrier's remedies and the Act's zone of interests by having a court find one filed rate unlawful and then moving to collect the other filed rate that still stands. To permit such a process would be to stand the Interstate Commerce on its head and give federal courts an authority over rates that has never been conceded by a statutory scheme where "court-ordered relief interferes with the delicate balance the Act strikes between the competing interests of shipper and carrier." *Burlington Northern*, 459 U.S. at 140, 103 S.Ct. at 521.

The Trustee's Attack On Transcon's Entire Discount Scheme. It will be recalled that the Trustee's first affirmative defense was that Transcon's "entire discount scheme" was "an unlawful secret rebate scheme." That contention was not adopted by the district court. The Trustee returns to it in his brief and oral argument on appeal, in effect tying it to his attack on the coded discount tariffs.

The Commission in 1984 ruled that rates could be filed by carriers in terms of individual named shippers and that such rates were not per se unlawfully discriminatory. *Rates for a Named Shipper or Receiver*, 367 I.C.C. 959 (1984) ("Named Shipper"). In defense of this ruling the Commission observes

that the Interstate Commerce Act does not require that all shippers be treated identically but simply prohibits "unreasonable discrimination." 49 U.S.C. § 10741(b). The Commission goes on to argue that individual case-by-case examination of alleged discrimination is necessary because "carriers and shippers have unique requirements and opportunities" and there must be competitive injury to a shipper before discrimination is demonstrated.

The Trustee attacks this policy, citing earlier rulings of the Commission, *e.g.*, *California Commercial Ass'n v. Wells Fargo, & Co.*, 14 I.C.C. 422 (1908) and judicial precedent, *e.g.*, *Arizona Grocery Co. v. Atkinson Ry.*, 284 U.S. 370, 52 S.Ct. 183, 76 L.Ed. 348 (1932). The Trustee's basic argument is that a common carrier cannot operate by means of individually negotiated rates. The Trustee's argument is tied to the issue of the coded rates, because the codes came into use only as the ICC permitted rates with named shippers to be filed in 1984. Prior to this time, there was no point in identifying the shippers as the tariff was general. The secret code, the Trustee contends, is a badge of the secret rebate constituted by the named shipper rate.

The amount at stake if the Trustee's position should prevail is very large. The ICC estimates it at $1 billion. The Trustee informs us that he intends to sue "several hundred thousand shippers" by May 1992. The deadline is presumably set by the three-year statute of limitations on claims for transportation charges. 49 U.S.C. § 11706(b).

We decline to decide the lawfulness of the individual discount rates for the same reasons that the Trustee's complaint about the secret code is not rele-

vant to this case. Transcon and the Trustee lack standing to raise this claim. They do not possess the sort of interests the Act was meant to protect and the court, by invalidating the discount rates because they were coded or because they were individual, could afford no remedy to the Trustee. The court lacks power to award the carrier damages retroactively or to circumvent the restriction on its power by striking one filed rate and authorizing the Trustee to collect the rate left standing. No retroactive remedy exists for a carrier that has filed an unlawful rate.

Conclusion. The district court erred in holding the credit regulations of the ICC invalid and the coded discount rates illegal. The case is REMANDED to the district court for entry of an injunction against the Trustee collecting any amounts on the grounds of the unlawfulness of coded rates or the unlawfulness of individual discount rates. The judgment in favor of the Trustee as to collection of the bureau rate on overdue accounts is AFFIRMED.

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ICC

v.

TRANSCON LINES

October 23, 1992

ORDER

The following amendment is added to the opinion filed on June 17, 1992.

At slip opinion page 7092, after fifth line, insert the following as a new paragraph:

> The Bankruptcy Act authorizes the trustee to act on behalf of creditors for the purpose of recovering preferential or fraudulent transfers made by the bankrupt, *see, e.g., In re Leasing Consultants, Inc.*, 592 F.2d 103, 110 (2d Cir. 1979). No such authorization exists for the trustee to fit "into the overshoes of the bankrupt's creditors." 592 F.2d at 110, to challenge rates Transcon has filed in an effort to collect higher rates. *See In re Ozark Restaurant Equip. Co., Inc.*, 816 F.2d 1222, 1224-1226 (8th Cir. 1987), *cert. denied*, 484 U.S. 848 (1987).

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ICC

v.

TRANSCON LINES

December 10, 1992

ORDER

The opinion filed June 17, 1992 and amended October 23, 1992, is further amended as follows:

Replace the sentence on pages 12779-80 ("The Trustee cannot make an end run . . .") with the following:

> The Trustee seeks to characterize his challenge to Transcon's rates as one of legality rather than lawfulness—that is, he argues that Transcon's coded tariffs were not duly filed because neither the Commission nor the public could determine from within the four corners of the tariff the identity of the shipper receiving each coded discount. Without deciding whether the Act requires publication of customers' names, rather than merely of the rates they receive, we reject this argument. If coded rates are not duly filed

> and published rates, then Transcon's rates had not been filed. Without rates on file, the Trustee has no basis for collecting undercharges. *Wonderoast, Inc.—Petition for Declaratory Order—Certain Rates and Practices of Transportation Systems International, Inc.*, 8 I.C.C. 2d 272, 278 (1992). We reject the invitation to disaggregate Transcon's rates, invalidating the discounts and leaving the Trustee to collect undercharges on the basis of a truncated filing never meant to stand alone.

Then, following the rest of the paragraph at the top of page 12780, add, after the citation to *Burlington Northern*, one sentence:

> It is the Commission which has discretion to craft appropriate remedies when the rates on file with it do not themselves comport with the law. *Maislin*, 497 U.S. at 133 (*citing ICC v. American Trucking Assns., Inc.*, 467 U.S. 354, 364-65 (1984)).

APPENDIX E

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HONORABLE IRVING HILL, JUDGE PRESIDING

CV 91-5036-IH

INTERSTATE COMMERCE COMMISSION, PLAINTIFF

vs.

TRANSCON LINES, ET AL., DEFENDANTS

TRANSCRIPT OF PROCEEDINGS

LOS ANGELES, CALIFORNIA

NOVEMBER 25, 1991

Appearances:

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and

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[4]

Los Angeles, California; Monday,
November 25, 1991

(10:30 A.M.)

THE COURT: Okay, Mr. Clerk. We will get to Transcon at this point.

THE CLERK: Item Number Five, CV 91-5036-IH, Interstate Commerce Commission versus Transcon Lines.

Counsel, would you announce your appearances, please.

THE COURT: Let's see. We will take the appearance for the plaintiff first.

MR. DAY: Your Honor, I'm Stephen Day with the Interstate Commerce Commission. I understand my application for pro hac vice was approved by the court.

THE COURT: I don't remember. I think I signed some in this case. Will you be handling it, Mr. Day?

MR. DAY: Yes, Your Honor, I will. And with me is Patricia Burke Kuhlmann, who is an Attorney with the Interstate Commerce Commission.

THE COURT: Wait. Let me get all these appearances. Patricia Burke Kuhlmann. That's this lady?

MR. DAY: Yes.

THE COURT: And both of you are from I.C.C.'s legal staff in Washington?

MR. DAY: We are with the Office of Compliance and Consumer Assistance, Your Honor.

[5] THE COURT: Of I.C.C.?

MR. DAY: Yes, Your Honor.

THE COURT: Okay. Out of Washington?

MR. DAY: I'm in Seattle, Washington and Patricia Kulhmann is in Washington, D.C.

THE COURT: All right. And you'll be handling it, Mr. Day?

MR. DAY: Yes, Your Honor.

THE COURT: Very well.

MR. DAY: Also present with us today is Henri Rush, who is Deputy General Counsel for the Interstate Commerce Commission.

THE COURT: That's this gentleman over here?

MR. DAY: Yes, Your Honor.

THE COURT: All right, Mr. Rush. You are welcome as is Ms. Kuhlmann. And you may sit at counsel table.

And is there someone here from the U.S. Attorney's Office as well?

MS. LUYMES: Yes, Your Honor. Jan Luymes from the U.S. Atorney's Office here. I will be acting as local counsel as a contact point for the court.

THE COURT: Very well. All right. For the defendant now.

MR. ASHWORTH: Yes. Good morning, Your Honor. Christopher Ashworth of Garfield, Tepper, Ashworth & Epstein [6] for the defendant trustee Leonard L. Gumport.

THE COURT: Okay. This action was just recently filed. The filing date was September 18th. The answer was filed October 8th.

Now the court is confronted with reciprocal motions by the two parties for summary judgment. Each of those motions seeks total judgment as against the other. Am I right in that?

MR. DAY: Yes, Your Honor, that is correct.

MR. ASHWORTH: Yes, Your Honor.

THE COURT: All right. Since plaintiff is seeking an injunction, the judgment if granted to plaintiff will be an injunction, and plaintiff has lodged

under date of November 8th their proposed judgment, although it isn't called a judgment. It's called a proposed order.

Now, I must ask you right at the threshold, may I assume by virtue of the existence of these reciprocal motions that both sides agree that this matter is ripe for adjudication one way or the other for the granting of a judgment one way or the other at the end of today's hearing?

MR. DAY: We both agree to that.

MR. ASHWORTH: Yes.

MR. DAY: We have discussed that, Your Honor.

THE COURT: All right. This means, of course, that you're both agreeing that there are no bona fide disputes of [7] material fact that would preclude the court from granting a judgment to one side or the other; right?

MR. DAY: That's correct, Your Honor.

MR. ASHWORTH: Yes.

MR. DAY: We both agreed to that.

THE COURT: All right. The issue presented then is one of law alone.

MR. DAY: Yes, Your Honor.

THE COURT: Correct, Mr. Ashworth?

MR. ASHWORTH: Yes, sir.

THE COURT: All right. As I understand it, and I will ask you shortly to respond, the undisputed facts are as follows. The defendant Gumport is the trustee in bankruptcy in a Chapter 7 bankruptcy proceeding of a corporation called Transcon Lines. When it was active it was a large I.C.C. carrier.

Pursuant to the requirements of the I.C.C. statute, Transcon filed rates for its services. The original filings were for every class of goods and provided a single rate for a single destination or service.

Thereafter, Transcon filed pursuant to the statute certain discount rates which had the effect of changing the rates previously filed for certain customers and which provided substantial discounts from the previously-filed general rate for the benefit of those certain customers.

[8] I.C.C. accepted the original general filings and also accepted these later discount filings.

The discount filings contain a provision for loss of the discount in the event payment was more than 90 days late. Put another way, that provision said that if payment was more than 90 days late, the shipper would have to pay the original and higher general filed rate.

Since the bankruptcy, the trustee is attempting to collect from shippers the general filed rate on many shipments. A total of at least 15 million dollars allegedly due is sought on the theory that the discounted rate was lost by failure to pay within the 90-day period.

The trustee, defendant in our case, is attempting to collect these sums in a number of lawsuits that are pending in this district. One of them, a case called Transcon versus Winfield, is pending in my court, case CV 91-1418-IH.

Collection efforts without litigation or preparatory to litigation are also going on in addition to the lawsuits already filed.

The judgment sought by—let me stop here. If I have misstated any of those facts, I would be happy to hear your view about that now. From Plaintiff?

MR. DAY: No, Your Honor. I don't think that's a mistake.

THE COURT: All right.

[9] MR. ASHWORTH: You're doing fine so far, Your Honor.

THE COURT: I didn't ask you that. I only asked you whether I had misstated the facts.

MR. ASHWORTH: I agree with your characterization.

THE COURT: A cheering section is not often available to a judge and I sure don't want any. Okay. You can do that down at the Coliseum at the next UCLA/SC football game.

The judgment sought by the plaintiff I.C.C. in this case—the judgment that will be granted if they win today—is a judgment to prevent the trustee from attempting to collect such additional sums by enforcement of the loss of discount provision of the filed rates.

Plaintiff's case is limited to that attempt and the relief sought, the injunction, would be limited to that practice and that collection effort; right?

MR. DAY: Yes, Your Honor, that is correct.

THE COURT: All right. The reason this is important, Mr. Day, is the language in the complaint seems in some places broader than this problem of enforcing the loss of discount provision.

And if you look at the proposed order—would you? —page 2, lines 13 through 20.

MR. DAY: Page 2, Your Honor?

THE COURT: Yes. Lines 13 to 20. You see there a paragraph that could be read as being broader than stopping [10] the loss of discount collection efforts. That's why the matter was raised specifically with you. And you have told me that your intent is to attack the attempt to collect on the loss of discount; right?

MR. DAY: Yes. The language is broader, Your Honor, but as the papers have proceeded here, I think that we have refined the issue down to just the loss of discount provision and whether or not that can be done.

THE COURT: Okay. Thank you. Let's go ahead. I want to pose the problem that these reciprocal motions raise and discuss the contentions of the two sides. In analyzing this problem, we start with my view with the filed rate doctrine as enunciated in the Interstate Commerce Act at 49 U.S. Code, Section 10761(a).

That section of the statute provides in essence that a carrier subject to the I.C.C. statute and regulations and subject to regulation by the I.C.C. shall provide transportation or service only for the rate that is contained in a tariff which is in effect under the statute.

It goes on to provide in the second sentence of the statutory section that the carrier may not charge or receive any different compensation for that transportation or service than that specified in the filed rate.

The position of the trustee is in my view fairly simply stated. The trustee points to the loss of discount [11] provision that is incorporated as a part of the filed tariff for every bill that is the subject of his collection effort.

We find this in Exhibit 1 of the Trustee's appendix of exhibits that was filed October 29, 1991. Perhaps you would be good enough to take a look at Exhibit 1, page 1-03. Do you find that? Take your time.

MR. ASHWORTH: Defense counsel has it before him, Your Honor.

THE COURT: Okay. We'll see—

MR. DAY: Your Honor, it's Exhibit 1. What page?

THE COURT: Exhibit 1, page 1-03.

MR. DAY: Yes, Your Honor, I have it.

THE COURT: You have it. All right. At the top of that page, gentlemen, is the loss of discount provision that is at issue. The loss of discount provision seems to be a part of the filed tariff in every situation where the trustee is attempting to collect further monies.

That loss of discount provision says in relevant part as follows, and I am quoting:

> "Discounts . . . and then three dots—shall apply only when tariff charges are paid within 90-calendar days from date of shipment," close quote.

Incidentally, the I.C.C.'s factual presentation to me also contains the same loss of discount provision of filed [12] tariffs. I.C.C. has it as Exhibit 12 to their appendix of exhibits filed November 8, 1991.

And in the I.C.C. version of this at pages 43 through 46, there is a file stamp showing I.C.C.'s receipt of these filed tariffs as of April 25, '88 and another one showing receipt as of June 6, '88.

Continuing with the analysis of the trustee's position. The trustee is saying, therefore, all I want to do is collect what is due, because by paying the discounted charges too late, after the 90-day period, the shipper in question lost the benefit of the discount provision. The benefit was lost pursuant to the language of the filed tariffs, which the court has just read.

Now for I.C.C.'s position. I.C.C. seems to say that's all true. And if you read the loss of discount provision alone, the discount might well be considered lost. But says the I.C.C., you cannot read it alone.

I.C.C. says that the discounts cannot be taken away from the shipper except in connection with and in conformity with regulations, which we the I.C.C. have published with respect to credit granted to shippers. Those regulations, the I.C.C. says, are found at 49 C.F.R. 1320.

Continuing with the I.C.C. position. These credit regulations bar enforcement by the trustee of the loss of discount provisions of the tariff. Enforcement is barred [13] because under those regulations if the carrier doesn't send revised bills or notification to the delinquent shipper within 90 days after the expiration of, quote, "the authorized credit period," close quote, the discount provisions cannot be enforced.

The term "the authorized credit period," by the way, is defined elsewhere to mean 15 days from the date of shipment. The definition of that term is found at 49 C.F.R. 1320.2G2VI—six being roman.

The I.C.C. also says that enforcement of the loss of discount provision is barred to the trustee by two other provisions of its regulations. The next one they rely on is 49 C.F.R. section 1320.3C. That one in essence says that carriers must include certain information on their freight bills. The regulation contains examples of what must be said on the freight bills.

In lieu of reading the whole regulation, I would describe those requirements generally as requiring the bills to say, quote, "failure to pay these charges timely may subject you to penalties," close quote. And I.C.C. says that information was not on the freight bills in issue.

The third and last of the regulation provisions that I.C.C. relies on is 49 C.F.R. 1320.2G2III—the last three being roman or three "I's." I guess that's not roman. Three "I's. And the other one I just discussed being two "I's."

[14] In any event, the last one here, 2G2III, says in essence that the trustee in bankruptcy—mentioned in haec verba—the trustee in bankruptcy may not collect aggregate balance due claims unless there have been independent and separate bills.

I must ask the I.C.C. one question now please, Mr. Day. Come to the podium. Assuming that the original freight charges were embodied in independent and separate bills, what meaning does the commission attach to the, quote, "independent and separate bill" provision of this regulation?

Are you saying that a lawsuit cannot be instituted to collect the loss of discount amounts arising out of any shipments? That a separate lawsuit has to be filed for each one? Are you saying that a separate billing for the loss of discount has to be filed for each shipment? What is your position?

MR. DAY: No, Your Honor. Not a separate lawsuit. The rule was adopted to make sure that carriers would not wait a long period of time and then batch up a number of these undercharges and present them to the shipper two to three years later.

THE COURT: I don't follow that. Let's assume, and I think it's a valid assumption, that the original shipment and the invoice for it was a separate bill.

MR. DAY: Yes.

[15] THE COURT: Okay. Now are you saying some other and different bill has to be sent under this provision?

MR. DAY: Yes, Your Honor.

THE COURT: What other and different, separate bill?

MR. DAY: It would be a bill that would indicate that the additional amount is now due for failure to pay within the first 90-day period. In other words, the first bill, for instance, would be $100 on the discounted amount, and then after the expiration of 90 days and failure to pay, the carrier must rebill.

THE COURT: Let's assume arbitrarily that the discount given and now lost was $20. You have to send a new and separate bill? When?

MR. DAY: Yes, Your Honor. Within that 90-day period to indicate that there is a loss—

THE COURT: Within the 90 days? You don't lose it until 90 days have expired. So what's this about sending a separate bill within the 90-day period?

MR. DAY: It is my understanding, Your Honor, that the bill must state that you have lost the discount and this is the total amount you now owe. That was the purpose of the rule.

THE COURT: Well, when must that separate bill be sent?

MR. DAY: Your Honor, the rules does say within 90 [16] days after expiration of the authorized credit period.

THE COURT: Well, it's 90 days after the 90 days which caused the loss of discount; it that right?

MR. DAY: No, Your Honor. It's after the authorized credit period which Your Honor has defined.

THE COURT: That's 15.

MR. DAY: Within the 15.

THE COURT: Within 90 after 15; is that what you're saying?

MR. DAY: That's correct.

THE COURT: And most of that 90 is still within the 90 days when they can get the discount; right?

MR. DAY: I don't know if that's correct.

THE COURT: I don't follow this very well. I don't think it's going to be critical to the decision. But I ask you only because the papers did not make this clear. Have a seat.

As I understand the trustee, the defendant's response to this position by I.C.C., he says it is quite true that the requirements of these regulations have not been met. But, says the trustee, the regulations do not apply and cannot apply because they are not valid. They are not valid, he says, because they purport to change or derogate from statutory provisions which bind the bankrupt and govern the matters at issue.

[17] For this position the trustee relies primarily on the recent Maislin, M-a-i-s-l-i-n, decision in the Supreme Court. Maislin Industries versus Primary Steel Incorporated, 110 Supreme Court 2759, decided in 1990.

Maislin must be carefully examined. There the conflict was much the same as it is here. We had a bankrupt carrier there suing the shipper for the full published tariff rate. The services had been performed some time back, and the carrier had billed that customer at a discounted rate under a previously-struck agreement.

The customer had paid the charges billed in full. The District Court in Maislin stayed the proceedings in the District Court and referred the matter to the I.C.C. The I.C.C. rendered its judgment in favor of the shipper under an I.C.C. policy that was published in a formal manner, which policy prevented the collection of new charges. New charges being those above what was billed but within the original filed rate. It prevented the collection of those so-called new charges on the ground that collecting them constituted a, quote, "unreasonable practice," close quote.

I.C.C. had some statutory authority to prevent unreasonable practices. The Supreme Court held that the enforcement of the I.C.C. policy undermined the statutory filed rate doctrine and could not affect the obligation of the shipper to pay the full rate under the filed rate doctrine.

[18] Now, I want to tell you my tentative view of this case. In my tenative view Maislin should govern this case as well and its rationale should govern. I see no basis for arguing that there is any legal difference in terms of affecting the validity of the filed rate doctrine between a formal and formally published I.C.C. policy which he had in Maislin and a formal and published I.C.C. regulation or regulations which we have here.

If either violates the statutory command of the filed rate doctrine, Maislin teaches that it must yield and it is invalid.

For the purpose of interpreting Maislin and determining what the "filed rate" is, as the term is used in the filed rate doctrine, I believe that the defendant trustee here is correct as it defines that term. Defendant defines the term "filed rate" to include all of Transcon's tariffs including class rates, bureau rates, rules tariffs, and discount rates.

Now, I would like to hear from you, Mr. Day, whether you take issue with that definition of the term "filed rate."

MR. DAY: Your Honor—

THE COURT: Just that question.

MR. DAY: Just that question. No, I don't take issue with that at all.

THE COURT: Okay. Although my tentative decision [19] enunciates what I believe is a clear and strong basis for granting defendant's motion and denying plaintiffs', I want to note for the record that the defendant trustee has enunciated in his motion a second, an alternative ground for it. The defendant argues as follows as to this alternative ground.

If the trustee says for any reason the filed rate doctrine and the Maislin rationale is held not applicable to the loss of discount provision and is held to be not a proper basis for dismissing the action, there is a separate second basis.

The argument for the second basis goes this way. Transcon's discount rates were never filed with the name of the customer to whom they applied clearly revealed in the rate itself. For example, if you will look at page 24 of defendant's points and authorities—and tell me when you have it.

You really don't have to wait for it because you know these papers. Let me tell you what it says. One of the customers is coded as being 139779, Number 139779, and others are like that. Defendant takes the position that the customer being referred to by that number was never disclosed even to the commission.

The trustee says that he has in his office at this point a list of which customers have what code numbers in these rate filings and he tells me, the trustee does, that [20] this particular code number 139779 applied to Premier Pump and Pool Products.

Defendant argues that that kind of a rate which keeps the customer's name hidden from competitors and from the commission is illegal. It is illegal, says

defendant, because there is a publication requirement in 49 U.S.C. Section 107762A1.

The language of the statute does not explicitly require a customer's name to be shown when a rate is applicable to only one customer, but we do have case law that does impose that requirement.

The case is one from a district court that was affirmed in the Seventh Circuit and in the U.S. Supreme Court. I believe the trustee has cited it. The case is U.S. versus Chicago and AR Company, 148 Fed 646, going back to 1906, affirmed by the Seventh Circuit in the next year, 156 Fed. 558 and by the Supreme Court in 1908 212 U.S. 563.

The District Court opinion which was affirmed does utilize a holding that it violates the publication section of the statute not to name the customer in such a situation.

Now, I am aware that the authority cited is old. But in my view the authority nevertheless has the ring of persuasion about it. And I therefore would tentatively adopt this as a second separate, different and alternative ground for the tentative decision.

[21] The basic policy of the I.C.C. Act which is against discrimination by carriers as between customers is such and so strong that the publication section should be read to require the name of the customer to be disclosed when the carrier is attempting to give a certain customer a discounted rate.

A competitor of that customer who is thus being discriminated against could conceivably do something abut it if he knows the name of the customer being benefited, if he knows that his competitor has the benefit of a separate lower rate. But when that competitor is kept in the dark by the use of coded numbers, his remedies are far less effective.

Now, there is a useful decision about the publication requirement and the public policy behind it that I think also supports this alternative ground. The case is called Regular Common Carrier Conference versus I.C.C., decided by the D.C. Circuit in '86, found at 793 F.2d 376, and the author of that case after writing it got a promotion. He is now Mr. Justice Scalia.

I want to take a break here now for the benefit of the reporter and to conduct some proceedings in a case in which a jury is out deliberating. We will excuse you folks for 15 minutes. You can leave your papers.

Assemble the jury in the box please, Mr. Clerk, and counsel in the case being deliberated, and I'll have something to say to them.

[22] THE CLERK: Please rise. Court in recess.

(Recess taken from 11:00 a.m. until 11:15 a.m.)

THE COURT: I have completed my exposition of my tentative decision. I'll hear from the commission now. How much time do you think you will need?

MR. DAY: I think no more than about 10 minutes, Your Honor.

THE COURT: Excuse me while I make some notes. Hold on one second, please. There are so many papers up here from the case in trial that I am finding it hard to get a pad. Go ahead.

MR. DAY: Your Honor, I would like to start first with the Maislin case. That case involved a situation where the Commission's regulations were trying to give effect to an unfiled rate. We think this case is not ruled by Maislin because we are not seeking to enforce an unfiled rate.

What we are doing and I think precisely the point covered is at footnote 11 in the Maislin case, where it says that none of their prior cases had involved a situation where they ignored the filed rate altogether. But it might be where the facts of the case would have one tariff provision prevail over another tariff provision. And we feel that's what we have here.

We feel that Transcon did attempt to take advantage of the credit regulations the Commission had entered under, [23] 10743 of the Interstate Commerce Act. It was an imperfect attempt and it took their situation from purely one of tariff to one where they chose to extend credit. They didn't have to. We agree with Mr. Ashworth there.

But they did so and in doing so, they become subject to the rules of the Commission. I think it's important to emphasize, Your Honor, that 10743 and the extension of credit was strictly regulated for the same reason that filed rates are: to avoid discrimination among shippers.

And I think that the credit regulations and the credit statute are equally as important as the filed rate. And I think the two statutes, 10761—

THE COURT: If you are arguing that the "regs" you are discussing here have a statutory basis, you can't distinguish Maislin, because the policy had a statutory basis in Maislin too.

MR. DAY: Yes, it did. I think the difference in Maislin though again is that we were trying to give effect to an unfiled rate and I think that really is the key to that case. I think that once we get beyond the fact that there was an unfiled rate in Maislin—and as we agree here today, we're talking about filed rates.

And so Maislin is really not on all fours with this case even though it involved a bankrupt carrier. There is that factual similarity. But what's different here is that [24] Transcon attempted to use our credit regulations to recoup their collection costs. It was one of the methods they chose. And they did publish a tariff item. We think the item is—

THE COURT: I'm lost a little bit. You say they were attempting to use your credit regulations. They were attempting to use the loss of discount provisions of the rates they filed. Isn't that correct?

MR. DAY: I don't think so, Your Honor. I think that Transcon published that item to meet the changes in the 1988 regulations.

THE COURT: Whatever may have been their motive, it's part of a filed rate; isn't it?

MR. DAY: It is part of the filed rate, Your Honor.

THE COURT: Okay. It's hard to say they are not relying on the filed rate when they are.

MR. DAY: But they're barred from using that provision because they didn't do the rest of the things required for them to use it.

THE COURT: I think I have apprehended the real issue in this case. I think my remarks demonstrate that. And I have indicated to you that in my view the regulations—which are as you say they are and would prevent what is being done—are no more valid as against the filed rate doctrine than was the published policy in Maislin.

MR. DAY: If I could take one more cut at it, Your [25] Honor?

THE COURT: Sure.

MR. DAY: I think what we are talking about is 10762 and 10743, the credit regulation. The credit

regulation or the credit statute—excuse me. The credit statute clearly says that the commission may have rules governing credit. The carriers cannot extend credit except pursuant to those rules.

So what we have done is publish rules concerning credit. Transcon did extend credit and in doing so, it moved into that environment, that regulatory environment, subject to those rules. It can't now come back and say, well, we were going to do the rest of the things, but it's imperfect and say, well, but we think that the tariff is the end all/be all to the question.

Once they started into that regulatory environment, they're bound by those regulations and they're barred from cancelling that discount.

THE COURT: Let me ask you before you finish to discuss the second alternative ground also.

MR. DAY: Well, the second alternative ground, Your Honor, is a problem because I think that the trustee cannot be relieved from those discounts unless it comes before the commission and gets relief. It seems that that argument—and we argued this in our brief—but that's really a primary jurisdictional question. The commission must look at that [26] first.

We read the regular common carrier conference case to say that a rate must be—

THE COURT: I'm sorry. Which case again?

MR. DAY: The regular common carrier conference case that Your Honor cited.

THE COURT: Oh, yes. All right. Go ahead.

MR. DAY: We believe that case says simply that a rate must be identified and that's all that was involved in that case.

In this case the rates are identified; albeit, there is a shipper code. There may be commercial—

THE COURT: I don't follow you very well. The second ground rests upon the publication requirements of the statute. Those are statutory. And if rates are illegal, they're illegal; aren't they?

MR. DAY: But the trustee still has to comply with them until they get relief from the commission initially.

THE COURT: The court cannot adjudicate such illegality. Is that what you're saying?

MR. DAY: I think—well, of course—that's correct, Your Honor.

THE COURT: Well, all right. Now I want to hear from Mr. Ashworth. You might deal with this second ground first.

MR. ASHWORTH: Yes, Your Honor.

[27] THE COURT: Counsel says that this court cannot despite the statutory requirement of publication call any kind of a filed rate illegal. That has to be dealt with by the commission first.

MR. ASHWORTH: I'm happly to deal with that one first. The position of the statutory validity of a regulatory position, or in this case of a rate, is something to which courts always address themselves and they don't need to wait. And the perfect case to give you is Maislin itself.

When it addressed a policy of the commission, it didn't say we factually disagree with the commission. They didn't say they didn't think it through properly or any other thing that normally would go into reversing an I.C.C. decision.

They said the I.C.C. has gone left after the statute and you should have gone right. We have the exact situation here. When Transcon filed a rate—in this

case the 90-day disallowance rule, if you like—that was the rate on file with the commission.

The commission had a statutory power for 30 days or thereabouts—and I confess I don't remember the exact days, but it's 30 days or so—to suspend that rate unilaterally.

THE COURT: So acceptance by the commission was the end of their function. That's what you're saying?

MR. ASHWORTH: That's correct. Once it sits there, [28] it sits there. And now after the cat is out of the bag, although I hate to put Transcon as the bad guy in this. They are not. But once the cat is out of the bag, now the commission says we don't want Leonard Gumport to run around enforcing the filed rate. Because if we had thought about it 10 years ago, we would have done something about it.

THE COURT: All right. Why don't you pass to a discussion of the first enunciated ground and the attempted distinction of Maislin by the commission.

MR. ASHWORTH: Yes. Actually, Mr. Day made two arguments, and I think I'll handle them in the order that you suggested and go at Maislin first. And that is that Mr. Day said that the Maislin case did not involve a second filed rate; rather that the negotiated rate between Maisin and its customer was a non-filed, non-published rate.

But that really begs the logical question. The court correctly pointed out during its tentative views that the aggregate of the filed rate is all of the building blocks which go into the filed rate—in this case including the 90-day disallowance provision or the 90-day condition precedent provision.

It is therefore not logically necessary to distinguish on the other hand what may not be enforced against

the carrier. The published rate in respect of any given shipment includes, among other things, the 90-day rule.

[29] So the Maislin case is precisely on point because conceptually and practically it deals with the identical question; i.e., can we have a published regulation or a published policy which operates in derogation of the filed rate doctrine enunciated in Maislin and literally a host of supreme court cases and most important linking the statute itself 49 U.S.C. section 10761(a)? I think the court correctly said that Maislin is what matters here.

THE COURT: Counsel made something of footnote 11. Do you know what that is?

MR. ASHWORTH: Footnote 11 in the Maislin case, if memory serves, Your Honor, says—

THE COURT: He has it there. You might take a look at it.

MR. ASHWORTH: And he is handing it to me just like a gentleman which he has been throughout, by the way.

THE COURT: The standard of presentation here—papers and argument—has been very high and I appreciate it.

MR. ASHWORTH: Thank you, Your Honor.

MR. DAY: Thank you, Your Honor.

MR. ASHWORTH: Yes. Note 11—let me quote it because then it makes it easier for us to deal with and there's a logistical problem which makes this easier. Note 11 says that:

> "None of our cases involving a [30] determination by the I.C.C. that the carrier engaged in an unreasonable practice as required to purchase from the filed rate schedule altogether, comma, instead they are required merely the application of a different filed tariff."

THE COURT: What is the court saying in that footnote?

MR. ASHWORTH: What the court is—thank you, Mr. Day.

What the court is saying in that footnote, Your Honor, is that it is perfectly legitimate for a shipper to say or the commission to say, hold it. We have a second rate. You guys forgot about that tariff and the other tariff you filed in 1916 and you never cancelled it. Here is another rate that applies to the same bale of cotton and so this is yet another filed rate. There is a well-developed doctrine of law where you end up with two pieces of filed tariff that seem to speak to the same bale of cotton.

THE COURT: And they're inconsistent.

MR. ASHWORTH: And they're inconsistent with one another. And that's not our fact problem here. That's just not the case. There is just lots of law on that, Your Honor, but it's just not our problem.

[31] THE COURT: Well, thank you. No further argument is necessary. The court now adopts the tentative decision. Summary judgment is granted to defendant. The commission's motion for summary judgment is denied. No legal basis is shown therefore. Legal basis is found to exist for defendant's motion.

I'll do my own judgments here, counsel, but I would like to have a transcript of the proceedings today in open court which I will incorporate by reference. Will you order that, please?

MR. ASHWORTH: Yes. In contemplation of that, Your Honor, the trustee has already authorized me to order a transcript for our expense and we'll do it.

THE COURT: Very well. And I will incorporate it by reference in the judgment.

Thank you again for a good job.

MR. ASHWORTH: With some trepidation I want to mention the related case and you mentioned it earlier. And I say "trepidation," because normally you don't want to hear about other cases. But the Winfield matter is coming up for motion. There is a motion for summary judgment which has been filed, and it contains an interim order suggested from me that there be a reference to a magistrate for nuts and bolts type of—

THE COURT: I'm sorry. I don't want to talk about a [32] motion in another case.

MR. ASHWORTH: I didn't think you would.

THE COURT: It's hard enough for me to deal clearly and expeditiously with this one and the other matters pending.

MR. ASHWORTH: Then I will back away.

THE COURT: Okay. Thank you.

MR. DAY: Your Honor—

THE COURT: I'm sorry. The matter is at a close. Is there something you have vital unrelated to the decision of the matter?

MR. DAY: Well, Your Honor, with equal trepidation just as a matter of proforma, I wonder if I might ask the court to reconsider the first part of its decision under Maislin.

THE COURT: No. That motion for reconsideration is denied. We'll be in recess.

MR. DAY: Thank you, Your Honor.

MR. ASHWORTH: Thank you, Your Honor.

THE BAILIFF: Please rise. Court is in brief recess.

(Proceedings adjourned at 11:30 A.M.)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALFORNIA

Case No. CV-91-5036-IH

INTERSTATE COMMERCE COMMISSION

vs.

TRANSCON LINES, ET AL.

CIVIL MINUTES—GENERAL

Date 12/13/91

PRESENT:

HON. IRVING HILL, JUDGE
R. H. MAZZARELLA, Deputy Clerk

Attorneys present for Plaintiffs:

NO APPEARANCES

Attorneys present for Defendants:

NO APPEARANCES

NO APPEARANCES

PROCEEDINGS: IN CHAMBERS

Re: Plaintiff's Notice of Motion and Motion for Stay, Reconsideration, and Amendment of Judgment

No hearing is necessary.

Said motion has been considered by the court and is denied.

No reply is necessary.

/s/ Illegible
Initials of Deputy Clerk

APPENDIX F

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV91-5036-IH

INTERSTATE COMMERCE COMMISSION, PLAINTIFF

v.

TRANSCON LINES, ET AL., DEFENDANTS

SUMMARY JUDGMENT FOR DEFENDANTS AND DENIAL OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

[Filed November 25, 1991]

There came before the Court on November 25, 1991 for hearing reciprocal motions for summary judgment. Plaintiff's motion was filed November 8, 1991 and defendants' motion was filed October 29, 1991. Appearances were: For plaintiff, Stephen L. Day, Esq., Patricia Burke Kuhlmann, Esq. and Henri Rush, Esq., all of Washington D.C. and Jan Luymes, Esq., Assistant U.S. Attorney; for defendants, Garfield, Tepper, Ashworth & Epstein by Christopher Ashworth, Esq.

Counsel for both sides agreed that the matter was ripe for summary judgment, i.e., that there was no bona fide dispute of material fact to preclude judgment for one side or the other and the sole issue was as to a matter of law and that summary judgment could properly be entered for one side or the other at this time.

The Court, having considered the evidence and the points and authorities filed in support of each motion and in opposition thereto, and having heard argument, announced that plaintiff's motion for summary judgment would be denied, plaintiff not having shown legal entitlement thereto. The Court further announced that defendants' motion for summary judgment would be granted, defendants having shown legal entitlement to the grant thereof.

IT IS ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. Plaintiff's motion for summary judgment is denied.

2. Defendants Transcon Lines, a corporation, and Leonard Gumport, Chapter 7 Trustee, shall have judgment against plaintiff Interstate Commerce Commission with costs of $————. Plaintiff Interstate Commerce Commission shall take nothing by its complaint against defendants.

3. A transcript of the procedings in open court on November 25, 1991, is ordered filed when produced. It is incorporated herein by reference. The transcript shall constitute the Court's further findings of fact and conclusions of law as well as a statement of the Court's reasons.

4. The Clerk shall transmit a copy of this judgment by U.S. mail to al counsel of record.

DATED: November 25, 1991.

/s/ Irving Hill
IRVING HILL, Judge
United States District Court

APPENDIX G

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 92-55036

DC# CV-91-5036 (Tx)

INTERSTATE COMMERCE COMMISSION,
PLAINTIFF-APPELLANT

vs.

TRANSCON LINES, a corporation; LEONARD L. GUMPORT, Chapter 7 Trustee, DEFENDANT-APPELLEE

[Filed November 25, 1992]

Before: BOOCHEVER, NORRIS and NOONAN, Circuit Judges

The panel as constituted in the above case has voted to deny the petitions for rehearing filed on July 6, 1992, August 3, 1992, and to reject the suggestions for rehearing en banc.

The full court has been advised of the suggestions for en banc rehearing, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petitions for rehearing filed on July 6, 1992, and August 3, 1992 are denied, and the suggestions for a rehearing en banc are rejected.

APPENDIX H

Title 49, United States Code

§ 10743. Payment of rates

(a) Except as provided in subsection (b) of this section, a common carrier (except a pipeline or sleeping car carrier) providing transportation or service subject to the jurisdiction of the Interstate Commerce Commission under this subtitle shall give up possession at destination of property transported by it only when payment for the transportation or service is made.

(b)(1) Under regulations of the Commission governing the payment for transportation and service and preventing discrimination, those carriers may give up possession at destination of property transported by them before payment for the transportation or service. The regulations of the Commission may provide for weekly or monthly payment for transportation provided by motor common carriers and for periodic payment for transportation provided by water common carriers.

(2) Such a carrier (including a motor common carrier being used by a household goods freight forwarder) may extend credit for transporting property for the United States Government, a State, a territory or possession of the United States, or a political subdivision of any of them.

§ 10761. Transportation prohibited without tariff

(a) Except as provided in this subtitle, a carrier providing transportation or service subject to the jurisdiction of the Interstate Commerce Commission un-

der chapter 105 of this title shall provide that transportation or service only if the rate for the transportation or service is contained in a tariff that is in effect under this subchapter. That carrier may not charge or receive a different compensation for that transportation or service than the rate specified in the tariff whether by returning a part of that rate to a person, giving a person a privilege, allowing the use of a facility that affects the value of that transportation or service, or another device.

(b) The Commission may grant relief from subsection (a) of this section to contract carriers when relief is consistent with the public interest and the transportation policy of section 10101 of this title. The Commission may begin a proceeding under this subsection on application of a contract carrier or group of contract carriers and on its own initiative for a water contract carrier or group of water contract carriers.

(c) This section shall not apply to expenses authorized under section 10751 of this title.

§ 10762. General tariff requirements

(a)(1) A carrier providing transportation or service subject to the jurisdiction of the Interstate Commerce Commission under chapter 105 of this title (except a motor common carrier) shall publish and file with the Commission tariffs containing the rates and (A) if a common carrier, classifications, rules, and practices related to those rates, and (B) if a contract carrier, rules and practices related to those rates established under this chapter for transportation or service it may provide under this subtitle. A motor common carrier shall publish and file with the Com-

mission tariffs containing the rates for transportation it may provide under this subtitle. The Commission may prescribe other information that motor common carriers shall include in their tariffs. A motor contract carrier that serves only one shipper and has provided continuous transportation to that shipper for at least one year or a motor carrier of property providing transportation under a certificate to which the provisions of section 10922(b)(4)(E) of this title apply or under a permit to which the provisions of section 10923(b)(5) of this title apply may file only its minimum rates unless the Commission finds that filing of actual rates is required in the public interest.

(2) Carriers that publish tariffs under paragraph (1) of this subsection shall keep them open for public inspection. A rate contained in a tariff filed by a common carrier providing transportation or service subject to the jurisdiction of the Commission under subchapter II, III, or IV of chapter 105 shall be stated in money of the United States. A tariff filed by a motor or water contract carrier or by a household goods freight forwarder providing transportation or service subject to the jurisdiction of the Commission under subchapter II, III, or IV of that chapter, respectively, may not become effective for 30 days after it is filed.

(b)(1) The Commission shall prescribe the form and manner of publishing, filing, and keeping tariffs open for public inspection under this section. The Commission may prescribe specific charges to be identified in a tariff published by a common carrier providing transportation or service subject to its jurisdiction under subchapter I, III, or IV of that chapter, but those tariffs must identify plainly—

(A) the places between which property and passengers will be transported;

(B) terminal, storage, and icing charges (stated separately) if a carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of that chapter;

(C) terminal charges if a common carrier providing transportation or service subject to the jurisdiction of the Commission under subchapter III or IV of that chapter;

(D) privileges given and facilities allowed; and

(E) any rules that change, affect, or determine any part of the published rate.

* * * * *

§ 11702. Enforcement by the Interstate Commerce Commission

(a) The Interstate Commerce Commission may bring a civil action—

(1) to enjoin a rail carrier from violating section 10901-10907 or 10933 of this title, or a regulation prescribed or certificate issued under any of those sections;

(2) to enforce section 10527 or 10930 or 11109 or 11111 or 11323 of this title, or subchapter III of chapter 113 of this title and to compel compliance with the order of the Commission under any of those sections and that subchapter;

(3) to enforce an order of the Commission, except a civil action to enforce an order for the payment of money, when it is violated by a carrier providing transportation subject to the jurisdiction of the Commission under subchapter I of chapter 105 of this title;

(4) to enforce this subtitle (except a civil action under a provision of this subtitle governing the reasonableness and discriminatory character of rates), or a regulation or order of the Commission or a certificate or permit issued under this subtitle when violated by a motor carrier or broker providing transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title or by a foreign motor carrier or foreign motor private carrier providing transportation under a certificate of registration issued under section 10530 of this title;

(5) to enforce this subtitle (except a civil action under a provision of this subtitle governing the reasonableness and discriminatory character of rates), or a regulation or order of the Commission or a certificate or permit issued under this subtitle, except a civil action to enforce an order for the payment of money, when violated by a carrier providing transportation subject to the jurisdiction of the Commission under subchapter III of chapter 105 of this title; and

(6) to enforce this subtitle, or a regulation or order of the Commission or permit issued under this subtitle when violated by a carrier providing service subject to the jurisdiction of the Commission under subchapter IV of chapter 105 of this title.

(b) In a civil action under subsection (a)(4) of this section—

(1) trial is in the judicial district in which the motor carrier, foreign motor carrier (as defined under section 10530(a)), foreign motor

private carrier (as defined under section 10530 (a)), or broker operates;

(2) process may be served without regard to the territorial limits of the district or of the State in which the action is instituted; and

(3) a person participating with a carrier or broker in a violation may be joined in the civil action without regard to the residence of the person.

Title 49, Code of Federal Regulations

PART 1320—EXTENSION OF CREDIT TO SHIPPERS BY RAIL COMMON CARRIERS, MOTOR COMMON CARRIERS, WATER COMMON CARRIERS, AND HOUSEHOLD GOODS FREIGHT FORWARDERS

Sec.

1320.1 Scope.
1320.2 Extension of credit to shippers.
1320.3 Presentation of freight bills.
1320.4 Effect of mailing freight bills or payments.
1320.5 Additional charges.
1320.6 Computation of time.
1320.7 Charges under average demurrage agreements.
1320.8 Household goods shipments by motor common carriers.
1320.9-1320.16 [Reserved]
1320.17 Interline settlement of revenues.

AUTHORITY: 5 U.S.C. 553 and 49 U.S.C. 10321, 10701, 10702, 10741, 10743, and 10744.

SOURCE: 50 FR 2290, Jan. 16, 1985, unless otherwise noted.

§ 1320.1 Scope.

(a) *General.* These regulations apply to the extension of credit in the transportation of property under Interstate Commerce Commission regulation by rail, motor, and water carriers and household goods freight forwarders, except as otherwise provided.

(b) *Exceptions.* These regulations do not apply to—

(1) Contract carriage operations.

(2) Transportation for—

(i) The United States or any department, bureau, or agency thereof,

(ii) Any State, or political subdivision thereof,

(iii) The District of Columbia.

(3) Property transportation incidental to passenger operations.

[50 FR 2290, Jan. 16, 1985, as amended at 51 FR 44297, Dec. 9, 1986]

§ 1320.2 Extension of credit to shippers.

(a) *Authorization to extend credit.* (1) A carrier that meets the requirements in paragraph (a)(2) of this section may—

(i) Relinquish possession of freight in advance of the payment of the tariff charges, and

(ii) Extend credit in the amount of such charges to those who undertake to pay them (such persons are called *shippers* in this part).

(2) For such authorization, the carrier shall take reasonable actions to assure payment of the tariff charges within the credit periods specified—

(i) In this part, or

(ii) In tariff provisions published pursuant to the regulations in paragraph (d) of this section.

(b) *When the credit period begins.* The credit period shall begin on the day following presentation of the freight bill.

(c) *Length of credit period.* Unless a different credit period has been established by tariff publication pursuant to paragraph (d) of this section, the credit period is 15 days. It includes Saturdays, Sundays, and legal holidays.

(d) *Carriers may establish different credit periods in tariff rules.* Carriers may publish tariff rules establishing credit periods different from those in paragraph (c) of this section. Such credit periods shall not be longer than 30 calendar days.

(e) *Service charges.* (1) Service charges shall not apply when credit is extended and payments are made within the standard credit period. The term *standard credit period*, as used in the preceding sentence, means—

(i) The credit period prescribed in paragraph (c) of this section, or

(ii) A substitute credit period published in a tariff rule pursuant to the authorization in paragraph (d) of this section.

(2) Carriers may, by tariff rule, extend credit for an additional time period, subject if they wish to a service charge for that additional time. The combined length of the carrier's standard credit period (as defined in paragraph (e)(1) of this section) and its additional credit period shall not exceed the 30-day maximum credit period prescribed in paragraph (d) of this section. When such a tariff rule is in effect, shippers may elect to postpone payment until the end of the extended credit period if, in consideration therefor, they include any published service charges when making their payment.

(3) Carriers may, by tariff rule, establish service charges for payments made after the expiration of an authorized credit period. Such a rule shall—

(i) Institute such charges on the day following the last day of an authorized credit period, and

(ii) Notify shippers—

(A) That its only purpose is to prevent a shipper who does not pay on time from having free use of funds due to the carrier,

(B) That it does not sanction payment delays, and

(C) That failure to pay within the authorized credit period will, despite this provision for such charges, continue to require the carrier, before again extending credit, to determine in good faith whether the shipper will comply with the credit regulations in the future.

(4) Tariff rules that establish charges pursuant to paragraph (e)(2) or (3) of this section may establish minimum charges.

(f) *Discounts.* Carriers may, by tariff rule, authorize discounts for early freight bill payments when credit is extended.

(g)(1) *Collection expense charges.* Carriers may, by tariff rule, assess reasonable and certain liquidated damages for all costs incurred in the collection of overdue freight charges. Carriers may use one of two methods in their tariffs:

(i) The first method is to assess liquidated damages as a separate additional charge to the unpaid freight bill. In doing so, the tariff rule shall disclose the exact amount of the charges by stating either a dollar or specified percentage amount (or a combination of both) of the unpaid freight bill. The tariff shall further specify the time period (which shall at least allow for the authorized credit period) within which the shipper must pay to avoid such liquidated damages.

(ii) The second method is to require payment of the full, nondiscounted rate instead of the discontinued rate otherwise applicable. The difference between the discount and the full rate constitutes a carrier's liquidated damages for its collection effort. Under this method the tariff shall identify the discount rates that are subject to the condition precedent and which require the shipper to make payment by a date certain. The date certain may not be set to occur by the carrier until at least after the expiration of the carrier's authorized credit period.

(2) The damages, the timing of their applicability, and the conditions, if any, as provided by the tariff-rule methods allowed under paragraphs (g)(1)(i) and (ii) of this section also:

(i) Shall be clearly described in the tariff rule;

(ii) Shall be applied without unlawful prejudice and/or unjust discrimination between similarly situated shippers and/or consignees;

(iii) Shall be applied only to the non-payment of original, separate and independent freight bills and shall not apply to aggregate *balance-due* claims sought for collection on past shipments by a bankruptcy trustee, or any other person or agent;

(iv) Shall not apply to instances of clear clerical or ministerial error such as non-receipt of a carrier's freight bill, or shipper's payment check lost in the mail, or carrier mailing of the freight bill to the wrong address;

(v) Shall not apply in any way to a charge for a transportation service if the carrier's bill of lading independently provides that the shipper is liable for fees incurred by the carrier in the collection of freight charges on that same transportation service;

(vi) shall be applied only after the authorized credit period, and when the carrier has issued a revised freight bill or notice of imposition of collection expense charges for late payment within 90 days after expiration of the authorized credit period.

(3) As an alternative to the tariff-rule methods allowed under paragraphs (g)(1)(i) and (ii) of this section, a carrier may, wholly outside of its tariff, assess collection charges though [*sic*] contract terms in a bill of lading. By using the carrier and its bill of lading, the shipper accepts the bill of lading terms.

(h) *Discrimination prohibited.* Tariff rules published pursuant to paragraphs (a), (e), and (f) of this section shall not result in unreasonable discrimination among shippers.

[50 FR 2290, Jan. 16, 1985, as amended at 53 FR 6991, Mar. 4, 1988; 54 FR 30748, July 24, 1989]

§ 1320.3 Presentation of freight bills.

(a) *"To be prepaid" shipments.* (1) On "to be prepaid" shipments, the carrier shall present its freight bill for all transportation charges within the time period prescribed in paragraph (a)(2) of this section, except—

(i) As noted in paragraph (d) of this section, or

(ii) As otherwise excepted in this part.

(2) The time period for a carrier to present its freight bill for all transportation charges shall be 7 days, measured from the date the carrier received the shipment. This time period does not include Saturdays, Sundays, or legal holidays.

(b) *"Collect" shipments.* (1) On "collect" shipments, the carrier shall present its freight bill for

all transportation charges within the time period prescribed in paragraph (b)(2) and of this section, except—

(i) As noted in paragraph (d) of this section, or

(ii) As otherwise excepted in this part.

(2) The time period for a carrier to present its freight bill for all transportation charges shall be 7 days, measured from the date the shipment was delivered at its destination. This time period does not include Saturdays, Sundays, or legal holidays.

(c) *Bills or accompanying written notices shall state penalties for late payment, credit time limits and service charge and/or collection expense charge and discount terms.* When credit is extended, freight bills or a separate written notice accompanying a freight bill or a group of freight bills presented at one time shall state that "failure timely to pay freight charges may be subject to tariff penalties" (or a statement of similar import). The bills or other notice shall also state the time by which payment must be made and any applicable service charge and/or collection expense charge and discount terms.

(d) *When the carrier lacks sufficient information to compute tariff charges.* (1) When information sufficient to enable the carrier to compute the tariff charges is not then available to the carrier at its billing point, the carrier shall present its freight bill for payment within 7 days following the day upon which sufficient information becomes available at the billing point. This time period does not include Saturdays, Sundays, or legal holidays.

(2) A carrier shall not extend further credit to any shipper which fails to furnish sufficient information to allow the carrier to render a freight bill within a reasonable time after the shipment is tendered to the origin carrier.

(3) As used in this paragraph, the term "shipper" includes, but is not limited to, freight forwarders, and shippers' associations and shippers' agents within the meaning of 49 U.S.C. 10562(3) and (4).

(e) *Freight bill presentation on railroad transported export traffic loaded into vessels.* The term *delivered at its destination* as used in paragraph (b)(2) of this section shall mean the time when the vessel is completely loaded, when—

(1) The traffic in export traffic that is loaded into vessels either—

(i) Direct from railroad cars or piers, or

(ii) From such cars or pirers [*sic*] by means of lighters, and

(2) The freight bills are presented to vessel owners or their representatives.

[50 FR 2290, Jan. 16, 1985, as amended at 53 FR 6991, Mar. 4, 1988; 54 FR 30748, July 24, 1989]

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